

Sustainability *first*

Sustainability First Annual Overview 2015

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Foreword from the Chairman

Sustainability First is an environment think tank with the aim of exploring key sustainability issues, often those which have received less attention than they ought, principally in the areas of energy and water.

Sustainability First was fifteen years old in 2015. We celebrated with a well-attended and thought-provoking event at the House of Lords, kindly hosted by Lord Teverson, where we looked forward to the challenges of sustainability over the next fifteen years.

2015 also marked the start of another major multi-year project for Sustainability First, New-Pin, which is considering the long-term public interest issues facing the energy and water sectors. It has got off to a stimulating start and is attracting considerable interest from government, regulators, the companies, the consumer bodies and other stakeholders. One of its key features is the bringing together of those involved in the two industries to share and make use of experiences and examples to help develop practical solutions to long-term challenges for water and energy.

Sustainability First has also been working on a strong set of other projects, drawing on the experience of its Associates and Trustees and making use of the expanding research-base from our earlier projects.

As the speakers at our celebration made clear, the next fifteen years are likely to be as challenging as the last fifteen. The recent referendum result seems likely to add to the challenges faced by those of us pursuing a sustainability agenda. I am pleased to say that Sustainability First is in a fit state and well-placed to play its part in getting to grips with some at least of these challenges.

Ted Cattle (Chairman)

Sustainability First Annual Overview 2015

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1. About Sustainability First

We are an environment think-tank, rooted in experience, with a clear commitment to promoting long-term sustainability through practical thought-leadership. We work on sustainability policy and practice for:

- Energy
- Water supply and water management

Within these subject areas, we currently focus on:

- Promoting a 'public interest' agenda, focused on the inevitable trade-offs between managing near-term pressures against the need for longer-term thinking and actions for sustainability.
- Economic regulation and sustainability duties. In the past, Sustainability First has shaped ground-breaking thinking on new sustainability duties for the water and energy regulators. This is an area in need of continued attention.
- Innovation and how this can better serve sustainability policy and practice.
- Social justice aspects of sustainability, in particular in terms of fair treatment for vulnerable and low-income consumers and citizens, and the broad agendas for affordability and efficiency.

Sustainability First is a registered charity with independent trustees – www.sustainabilityfirst.org.uk.

Sustainability First's trustees are: Ted Cante (Chair), Phil Barton (Secretary), Trevor Pugh (Treasurer), Derek Osborn, David Sigsworth, Sara Bell, Derek Lickorish, Richard Adams and Sarah Deasley. Its projects are developed by the trustees and a number of associates and consultants, under the leadership of Sustainability First's Director, Judith Ward.

Sustainability First's associates are: Gill Owen, Sharon Darcy, Rebekah Phillips, Clare Dudeney, Zoe McLeod and Jon Bird.

2. Sustainability First – People

Trustees

Ted Cattle CBE (Chair) was one of the founding group of Sustainability First Trustees in 2000. A committed environmental champion, with a strong focus on tackling climate change, he was a member of the Board of the Environment Agency for England and Wales (from 2000 to 2008) and Deputy Chair (2005 to 2008). Ted led the Environment City bid for Leicester City Council in the late 1980s and the **Nottingham Declaration on climate change** in 2000, subsequently adopted by many other local authorities in the UK and elsewhere. Ted also founded and chairs the iCoCo foundation, an institute to promote inter-culturism and community cohesion. He chaired the Independent Review of the riots in northern towns in 2001, was responsible for the ‘Cattle Report’ and the founding of the community cohesion programme. He was formerly chief executive of Nottingham City Council and chair of the DTI Construction Task Force for local government. Ted was appointed CBE in 2004 and is a Deputy Lieutenant of Nottinghamshire. Ted has recently spear-headed the successful multi-million bid to the Heritage Lottery fund to transform Nottingham Castle into a world class attraction.

Phil Barton was until March 2015 the chief executive of Keep Britain Tidy, the charity which campaigns for a cleaner, greener England and which runs a range of environmental programmes including EcoSchools, Green Flag Awards for greenspaces and Blue Flag beaches. Keep Britain Tidy merged with Waste Watch in 2011 and launched a new national local pride campaign: Love Where You Live. Phil formerly worked on regeneration skills for the NWDA, for Defra on rural voluntary sector policy and for Groundwork UK.

Derek Osborn CB is a senior environmentalist advising on long-term strategic issues for governments, international bodies, business and the voluntary sector. He is also president of the Stakeholder Forum for Our Common Future, and a member of other Boards in the private and voluntary sectors.

Derek has held senior roles in the arena of environmental protection: he served as director general for environmental protection with the Department of the Environment (until 1996), chaired the board of the European Environment Agency (1995-1999), and was a board member of the Environment Agency for England and Wales (1996-98), having been involved in its early set-up. He was a member of the European Economic and Social Committee from 2006 to 2010 and was the first chair of its Sustainable Development Observatory.

He currently lives in Wales and is Chairman of Cynnal Cymru - Sustain Wales

Trevor Pugh is Strategic Director, Environment and Infrastructure directorate, Surrey County Council, and has held senior positions in a number of London boroughs. Trevor is an environmental scientist and has championed sustainability in construction and in waste policy and across the range of local authority services.

David Sigsworth is chairman of Sigma Capital Group plc (property and urban regeneration specialist), former chairman of Flexitricity and chairman of Sea Energy plc (thought leader in the offshore wind industry). He is a vice-president of the Association for Decentralised Energy, chair of the Scottish Environment Protection Agency and chair of the Scottish Fuel Poverty Forum, which advises the Scottish Government. A former board director of Scottish

& Southern Energy, David is an honorary Professor at the University of Dundee, involved in MSc courses covering sustainable energy and environmental modelling.

Sara Bell is UK CEO at Tempus Energy, an energy retailer that has developed a technology platform that helps customers manage their power consumption flexibly into cheaper price periods. Previously, Sara was responsible for developing UK Power Networks' commercial strategy for future distribution network and operation, including delivering savings in traditional electricity network investment and improvements in performance through developing commercial alternatives such as demand side management.

Richard Adams OBE is a founder of several successful UK social enterprises that allow people to express ethical values through their work, spending or saving, mostly focused on fair trade, the problems of social exclusion, fuel poverty, international development and sustainability. Richard is the British founder of the UK fair trade organisations Tearcraft and Traidcraft and was convenor of the steering committee of what became the UK's Fairtrade Foundation. He has also founded a corporate social responsibility research group and the UK's first ethical supermarket chain. He has degrees in sociology, theology and business and has a number of honorary doctorates and visiting fellowships from British universities. He is currently President of the EU's Economic and Social Committee's Permanent Study Group on a European Energy Community.

Derek Lickorish MBE has had an extensive career in the energy business. Derek spent more than six years as chair of the Government's Fuel Poverty Advisory Group (until 2015). He is honorary chair of the trustees of National Energy Action. He is a non-executive director of the Green Deal Finance Company Ltd and of Secure Meters SHPL Pte. He is a member of Ofgem's Sustainable Development Advisory Group and, RWE Npower's Customer Stakeholder Council. Derek was previously EDF Energy's Chief Operating Officer, (Customers Branch) for 5 years, and, before that the Customer Service and External Affairs Director at SWEB from 1996. He started his career as a trainee at Seeboard in 1970.

Sarah Deasley joined our Trustees in December 2015. She is a Director at the consultancy Frontier Economics. She has over 25 years' experience working as an economist within the energy sector with a focus on environmental policy, network regulation and the energy retail market. She is well known for her recent work on the implications of the move to a low-carbon economy, with a particular focus on smart technologies and consumer energy behaviour.

Sustainability First Director

Judith Ward has been part-time director of SF since 2012, after working for several years as an SF Associate. She is an energy policy professional with long-standing practical experience of both the utility and consumer worlds. Through Sustainability First, Judith has developed new thinking on policies for the GB energy and electricity demand-sides, and has published extensively.

Her long-term career was with National Grid (1990-2004), where her last role was a six-year period as Group Head of Public Affairs. In her early career, Judith worked in policy roles with the House of Commons Environment Select Committee and the national Electricity Consumers' Council.

Judith has a master's degree in Energy Resources Management. She was a part-time adviser to the UK Business Council for Sustainable Energy from 2005 to 2012 and was also a long-standing trustee of the Institute for European Environment Policy. Judith is an Honorary Fellow of the Energy Policy Group at the University of Exeter and a member of the DECC / Ofgem Smart Grid Forum.

Sustainability First Associates

Dr Gill Owen has worked with Sustainability First for over a decade as an Associate. She has undertaken extensive research and is widely published on fuel poverty, energy efficiency, smart meters, distributed energy and demand side response.

Until March 2015, Gill was based in Melbourne for three years, where inter alia she worked as a part-time senior researcher at Monash University. Gill provided advice to the Australian Energy Markets Commission and Australian Energy Regulator. Now returned to the UK, Gill continues as a member of the newly set-up Board of Energy Consumers Australia and also continues her involvement with the Consumer Challenge Panel on Network Policy. Gill is a part-time senior research associate at the Energy Institute at University College, London.

Before leaving for Australia in 2012, Gill was vice-chair of the Government's Fuel Poverty Advisory Group, a non-executive director of the water regulator Ofwat and chair of the REAL consumer assurance scheme for micro-generation. Gill was a Commissioner of the UK's Competition Commission for ten years until 2002 and has also been a non-executive board member of the energy regulator, Ofgem. She continued a close involvement with Ofgem as a member of Ofgem's Social Action Strategy Review Group and Consumer Challenge Group. She was a member of DECC's Smart Meters Consumer Advisory Group (and also a member of the predecessor body run by Ofgem).

Sharon Darcy is a champion of consumer concerns in energy and water. Sharon was elected to the Council of Which? in January 2015 and was formerly a long-standing board member of Consumer Futures and its predecessor bodies (Consumer Focus and energywatch). A qualified accountant, Sharon began her career working on value for money studies in the privatisation and regulation team at the National Audit Office. She subsequently worked for Consumers International, the world consumer groups federation, and for Which?. Sharon is presently a Trustee of the new workplace pension provider NEST where she chairs the Risk Committee.

Since 2012, Sharon has been a lay member of the Standards Committee of the House of Commons. For the last five years, Sharon has been a member of Ofgem's panel to assess the network innovation competitions, plus a member of the Ofgem 'Consumer Challenge Group' (ensuring that the consumer interest is represented in setting prices for monopoly energy businesses). She was a member of Ofwat's Customer Advisory Panel for the 2014 water price review and the previous Ofwat Future Regulation Advisory Panel.

Previous roles also include chair of a citizens' advice bureau and member of the London and Southern Committee for the Consumer Council for Water.

Rebekah Phillips works with Sustainability First as an associate on a number of current projects and has a part-time role with Groundwork. She was Senior Policy Adviser with Green Alliance for seven years, and led their Green Living Programme.

She is a Visiting Research Fellow with the Policy Studies Institute. On a national level, Rebekah specialises in energy and behaviour change policy. She also manages local-level projects to encourage sustainable living. She has worked with a number of charities and research organisations.

Previous posts held include Environment and Transport Analyst for BBC News. Rebekah studied anthropology at Durham University.

Clare Dudeney currently works with Sustainability First as an associate on a number of current projects. She is an energy policy consultant and fine artist. She was Director of Strategic Policy for Energy-UK the national energy organisation from 2012-2014. Prior to that, she spent six years with one of its predecessor bodies, the UK Business Council for Sustainable Energy, the body which brought together the major energy utility companies on climate and sustainability. At UKBCSE, Clare held posts as Head of Policy and thereafter Director. Clare has a first class degree in geography & environmental studies from the University of Lancaster and a master's degree in environmental science from Kings College, London.

Jon Bird was, until March 2014, Head of Sustainability with Northern Powergrid (the electricity distribution company) and before that Head of Government Relations since 2000. Jon's role included regional and national stakeholder management on climate change and low carbon activities to assist the company in its understanding of the requirements of electricity generators and customers. He was a long-standing member of the CBI's energy policy committee and the CBI's northeast regional council. Earlier in his career, Jon spent 8 years with BNFL as Head of Government Relations, and almost twenty years with the civil service at a senior level, including in HM Treasury, DTI and the Department of Energy. He has a first class degree in mathematics from Cambridge University and a doctorate in general relativity. He is a Fellow of the Energy Institute.

Zoe McLeod - Zoe McLeod is a consumer policy and regulatory expert with a particular focus on energy, water, innovation and consumer vulnerability issues. She has more than 10 years' experience as a consumer champion, including working for Citizens Advice (and its predecessor bodies Consumer Focus and Consumer Futures), Ofgem, the fuel poverty charity National Energy Action, and Friends of the Earth.

Zoe is a Director of a new social enterprise called OnTheRecord, whose aim is to make businesses better so as to save customers time and money. OnTheRecord has a strong focus on improving access to services for customers with disabilities. She is also a member of Ofwat's Expert Advisory Panel supporting the Water 2020 programme and other Ofwat programmes. Her previous posts include:

- Non-executive Director representing consumer interests for Smart Energy GB, the organisation which leads the national smart meter rollout campaign.
- Representative on the Fuel Poverty Advisory Group for England (FPAG), and member of DECC's Consumer Vulnerability Task Force and Ofgem's Consumer Vulnerability Group.
- Consumer representative on the Smart Metering Ministerial Steering Group and a number of smart metering expert groups, including DECC's Consumer Advisory Group and those relating to consumer engagement, benefits realisation and data access and privacy. In these roles she was instrumental in the development of smart metering consumer protections, including the data privacy and access framework.
- Consumer representative on the Smart Metering Installation Code of Practice (SMICOP) panel

- Chair of the Consumer Panel Smart Homes and Buildings Association.

Zoe was an elected Councillor and Assistant Cabinet Member for Young People and Youth Services for Richmond upon Thames Council (2006-10). In this role she sat on the Environment Overview and Scrutiny Committee, and chaired the Surface Water Flooding Scrutiny Task Group, among other roles.

3. Sustainability First at 15

Sustainability First was founded in 2000. In June 2015, Trustees and Associates of Sustainability First celebrated our fifteenth anniversary with a well-attended reception at the House of Lords, kindly hosted by Lord Teverson.

2015 was a crucial year for the environment, with the UN Climate Summit in Paris and adoption of new UN Sustainable Development Goals. We hope that we will be able to look back at 2015 as a year that truly started to embed some seeds of change. So, to celebrate being 15 we held a Dragon's Den style debate at this event, at which five brave friends of Sustainability First each made three-minute pitches of their 'big idea' on how to get smarter in tackling sustainability for the next fifteen years:

Get people speaking

Simon Roberts, Chief Executive, Centre for Sustainable Energy

Crossing the chasm

Simon Anderson, Chief Strategy Officer, GEO Solutions

Value the customer

Cathryn Ross, Chief Executive, OFWAT

Use our leverage with Europe

David Baldock, Chief Executive, Institute for European Environment Policy

Engage young people

Pip Roddis, UK Youth Climate Coalition

Our panellists came up with some excellent and thought provoking ideas. With their kind permission, we have printed their ideas as a pamphlet available on our web site.

4. New Energy and Water Public Interest Network (New-Pin)

In July 2015, Sustainability First launched our latest largescale multi-year project, the New Energy and Water Public Interest Network, 'New-Pin'. New-Pin brings together companies, regulators, government departments and public interest advocates with an interest in energy and water to:

- Build understanding between different stakeholders as to what the long-term public interest looks like in these sectors, helping to address particularly intractable issues in a more considered and stable way;
- Develop capacity and expertise amongst public interest advocates, ensuring a more level playing field with the views of the public more fully represented in long-term company and regulatory decisions; and

- Improve board-level understanding of the value of public engagement in these sectors and a better grasp of what successful engagement and governance in the public interest might look like.

We are very grateful to our eleven sponsor organisations for financial support and to all other organisations taking part and contributing to our thinking. Our aim is for three substantive workshops each year, based on the review of a detailed paper on a particular aspect of the long-term public interest. The initial meeting discussed the paper 'Towards a definition of the long-term public interest'. A second workshop was held on 28 October 2015 on the paper 'Long-term affordability.'

Final papers are published on the Sustainability First website and are disseminated in both a long version, and a short 'punchy' executive summary. In 2016, we will establish the stakeholder engagement and capacity-building and governance work-streams of the project. As part of our New-Pin Outreach activities, in December, Sharon Darcy spoke on 'Customer Engagement in Regulation' at a regulatory workshop held at the LSE to an audience including regulators, representatives from the CMA and the NAO and academics and consumer groups.

5. 'Smart Meter Data and Public Interest Issues', an academic Research Challenge

Following an initiative from our Director, Judith Ward, TEDDINET (*Transforming Energy Demand through Digital Innovation NETWORK*, an academic research network addressing the challenges of transforming energy demand in our buildings), the Centre for Sustainable Energy and Sustainability First, in summer 2015, launched a joint 'research challenge' to understand how future household smart-meter energy data might be deployed to serve the public interest. The proposal was to fund two post-doctoral students for one month to draft two short non-technical discussion papers on the possible use of smart meter data for public interest issues.

A competition was held and two able and complementary researchers were chosen to carry out the work: Simon Elam from University College, London, dealing with national issues and Jess Britton from Exeter University covering sub-national issues. They were overseen by Sustainability First jointly with the Centre for Sustainable Energy in Bristol.

The papers aimed to answer the following questions:

- What's new about smart meter data, compared to what's already out there?
- What could the smart meter data be used for in the public interest?
- What uses will be possible under the currently anticipated arrangements?
- What uses will not be possible under the currently anticipated arrangements?
- What arrangements would need to be in place to facilitate the latter?
- What are the obstacles, risks, challenges to making such arrangements?
- What practical next steps can we recommend based on this work?

The papers have been published on the Sustainability First, TEDDINET and CSE web sites and formed the basis for a highly successful invited roundtable workshop in March 2016.

6. Let's Get It Right – Government Approaches to Low Carbon Interventions.

In April 2015, we held an invited workshop to consider issues raised by a discussion paper by Sustainability First Associate, Jon Bird, and to 'road test' a set of suggested principles for government to adopt in the design of new low carbon interventions. Following the workshop, the paper was published on the Sustainability First website in June 2016.

The paper argues the case to communicate and to articulate an over-arching set of good-practice Principles for policy makers in design of interventions for low-carbon. The aim is to avoid needless stop-start for investors – while maintaining the ability so far as possible to keep down costs for energy customers and for the tax-payer.

Following the publication of the discussion paper, we sent a copy to the new Secretary of State for Energy, Amber Rudd, and made a written submission to the Energy & Climate Change Committee inquiry into 'Investor Confidence in the UK Energy Sector'. Our submission was referenced in the Committee's report.

7. Other Sustainability First projects

a. Sustainability First & Frontier Economics - DNO Approaches to Vulnerable Customers

Sustainability First partnered with Frontier Economics on a contract with Ofgem to consider a methodology to assess how well power distribution companies are doing in identifying 'vulnerable customers', in connection with a specific incentive under the formula for the distribution network price control arrangements. The aim is to agree a methodology common to all DNOs and to better inform OFGEM and the DNOs. Sustainability First Associate, Gill Owen had an 'expert challenge' role on the project. The report was published in January 2016 on the Ofgem website – and is also available on our website.

b. National Grid – 'Power Responsive'

Sustainability First has been providing expert support to National Grid to develop a major electricity demand-side work-programme and campaign aimed at Industrial and Commercial electricity customers called 'Power Responsive'. The aim is to raise awareness and to problem-solve in ways designed to make the demand-side 'happen' in reality. National Grid has committed to a collaborative and open style of working with electricity customers (industry customers initially, but not just), market actors, government and Ofgem. This followed our help in developing two major 'high-level' stakeholder events on the electricity demand-side, with an initial focus on customers in the business sector, on the theme 'What will it take over the next five years to move forward and develop the demand-side at scale?' Much of this work has been undertaken by Sustainability First Associate, Clare Dudeney, with support and over-sight from Judith Ward.

c. Tempus Innovate UK project

Sustainability First is collaborating with Tempus Energy and their partners on their two-year project: 'The Global Electricity Revolution for Consumers', following success in the Innovate UK Energy Catalyst competition in late autumn 2014.

Sustainability First's role is to contribute to knowledge dissemination about the project. In May 2016, Sustainability First produced an interim paper and ran a round-table about some of the generic regulatory and policy issues arising.

d. Sustainability First and Frontier Economics - 'Future Potential for DSR in GB' – Paper for DECC

Sustainability First contributed to a project led by Frontier Economics and LCP (an energy modelling specialist) for DECC to produce a comprehensive set of assessments of possible electricity demand-side potential out to 2030 (distributed generation, equipment turn-down, households, storage). This paper is ground-breaking in the sense that to date, in policy evaluation, DECC's internal energy models had not been able to take full account of the demand-side. This paper will help DECC - and others - to start to take better account of the demand-side in informing future policy. The paper was published on 15 October 2015 and is available on our web site.

8. Dissemination of research and policy inputs

During 2015, Sustainability First has continued to present the findings of its research at a range of conferences and other workshops. Sustainability First has also provided several inputs to Government and Parliamentary calls for evidence:

A submission to Ofgem consultation on non-traditional business models, arguing for local groups of generators and users to be treated as a single "virtual prosumer" for settlement purposes.

A response to the CMA energy market investigation proposing changes to the information provided on energy comparison web sites to assist those on standard variable tariffs.

A submission to the Energy and Climate Change Select Committee to the Inquiry on investor confidence drawing attention to the set of principles proposed in SF discussion paper, "Let's Get It Right - A Suggested Framework for Low Carbon Interventions".

A major lecture on 'The Smart Electricity Consumer' at the Energy Futures Lab, Imperial College London on 17 June 2015.

Presentation and submission to the European Commission (DG JRC (Joint Research Centre) and DG Energy) on the household electricity demand-side (October 2015 and March 2016) for the upcoming legislative package.

In addition, we have met with the CMA, DECC and Ofgem on a number of occasions to discuss demand side response and the implications of moving to more cost-reflective domestic electricity pricing.

9. Communication

We publish all our research papers on our web site, and proactively communicate our activities and achievements to those colleagues we work with. More widely, we use our blog and associated Twitter feed to provide short articles summarising our research findings and other topics on general sustainability interest to promote our activities to a wider audience.

Sustainability *First*

Sustainability First is a registered charity number 107899.

Sustainability First
Grosvenor Gardens House
35-37 Grosvenor Gardens
London
SW1W 0BS

www.sustainabilityfirst.org.uk

Email info@sustainabilityfirst.org.uk