



POWER YOUR FUTURE WITH ONGEN

Four months, a royal wedding and almost Russian funeral.

It's been a busy few months since our last newsletter; new customers, a significant software release, pitching at Scotland's biggest tech event and new members joining the OnGen team (and apparently there has been a royal wedding!)

OnGen was established to address the hurdles that have often held back deployment of onsite renewable energy generation. The expense of an initial objective site survey covering multiple potential technologies has been addressed with our award winning platform and now we have turned our attention to the biggest hurdle, funding.

We have been working hard on developing the OnGen power purchase agreement (PPA), a simple bi-lateral contract that allows the energy user to benefit from cheap, green electricity for up to 15 years without any upfront cost.

We have talked endlessly about the "battery revolution" but we ask what has changed in the last 6 months, are batteries a false dawn based on current prices or is providing grid services the answer?

We are well and truly into spring when warmer weather is normally associated with softer gas prices but not this year.....

Increasing Gas Prices



Source: Ecova

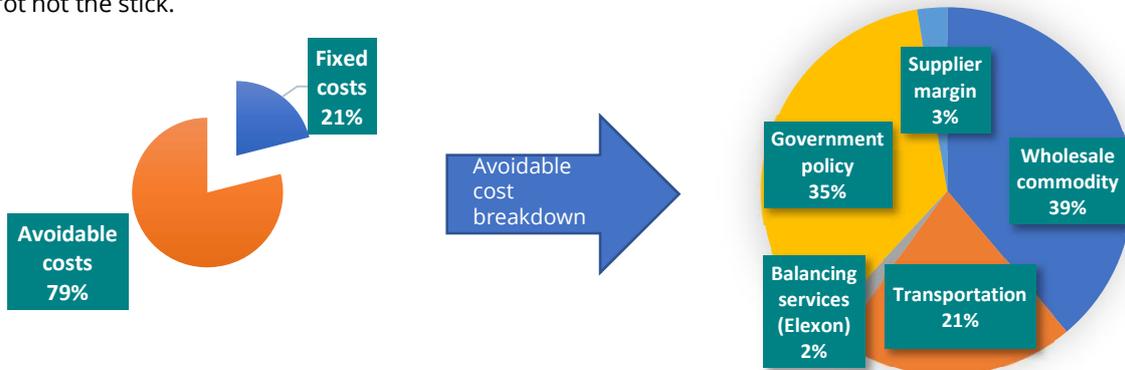
Despite ample supply margins and above seasonal temperatures gas prices, and by extension power prices, have climbed steeply as crude oil prices continue to rise.

Whilst we are some way from the prices seen in 2008 or the record spike to 350p/therm in March this year, winter 18 prices are touching 65p/therm.

This trend is worrying for energy users totally reliant on the grid for their energy needs.

The business case for onsite generation

OnGen have always focussed on the economic model for considering onsite renewables. Yes, ESOS 2 and minimum energy efficiency standards (see later) are relevant regulatory drivers but we like to focus on the carrot not the stick.



It might seem surprising that avoiding the cost of the actual commodity itself is not the bigger share of the overall savings but as the non commodity elements of an energy bill are over 55% of the total cost it is perhaps not that surprising after all. Government policy i.e. to support investment in renewables. The renewable obligation (RO) is 19% of the total avoidable cost by itself.



POWER YOUR FUTURE WITH ONGEN

Regulatory Changes

Three important regulatory changes came into force on the 1st April 2018:

1. Minimum Energy Efficiency Standards (MEES)

Landlords in England must now ensure their buildings meet an energy efficiency rating of E or above before they can be re-let. Deploying renewable energy onsite not only improves a buildings rating but also enhances the asset value. The OnGen Expert is the ideal tool to assess which type(s) and what size of system to deploy.

2. Excess Capacity Charges DCP161

If a site is half hourly metered it will be subject to an access capacity charge. Up until 1st April 2018 if that capacity was breached there was no penalty, the excess was simply charged at the normal rate.

However, from 1st April breaches to the agreed limit are subject to an excess charge which in some regions is 2 or even 3 times higher than the normal charge.

Deploying a battery can help “shave” the peak demands and thus avoid excess charges and even reduce the normal limit.

We have seen the access capacity charge be up to 40% of the total monthly electricity bill for some users of the OnGen platform - it's even more important with this change to get the level set right.

3. Common Distribution Charging Methodology (CDCM) - DCP 228

Introduced to flatten out the distribution use of system (DUoS) charging structure. This has made the pricing difference between the bands less significant, so red band charges are much lower (typically around half previous levels), while amber and, in particular green tariffs have risen significantly.

Some industries will benefit from these changes but most will not, so being able to generate power onsite (or via private wire) is even more important.

Batteries – are grid services the answer?

The first phase of battery deployment on the OnGen Expert has deliberately focussed on the “behind the meter” energy cost savings available from reducing the access capacity charges, avoiding excess capacity charges and price arbitrage. We explain why:

Revenues from frequency response services (e.g. EFR/FFR) and the Capacity Market have been eroded through over subscription and National Grid “de-rating” certain kinds of storage technology in the Capacity Market have made it almost impossible to place any reliance on these revenue streams.

This approach, whilst providing a more reliable financial forecast tends not to support the financial case for an investment in a battery (excluding the potential benefits of having an uninterruptable power supply). We need to see further significant falls in the cost of batteries before we see widespread uptake in these technologies.

OnGen Newsletter

May 2018

INTERNAL NEWS

Recruitment news

Dave Richardson joined the OnGen team in April as CTO. Dave has worked previously at gas supplier Amerada Hess and for the last seven years as CTO at independent energy supplier Spark Energy.



Commenting on the appointment Chris Trigg said “attracting a CTO of Dave’s calibre with his proven track record of delivering complex IT deployments in the energy industry is a massive boost and great vote of confidence in the OnGen project”.

Dave has already got to work to appoint two senior developers to strengthen the team further.

EIE18

OnGen’s MD, Chris Trigg was invited to take part in EIE18 again this year and presented at the magnificent and newly refurbished McEwan Hall alongside 60 of Scotland’s most exciting high growth tech companies.

Customers

We are delighted to welcome a range of new customers to the OnGen client base covering a range of public and private sectors including:

CBRE the largest facility management company in the world; Eco Logic Partners and The Energy Check a new breed of rapidly growing energy consultancies and The Major Energy Users Council (MEUC).



CBRE



Please contact sales@ongen.co.uk for any enquiries