

# Key Findings of IGov1 and Issues for Innovation and Governance for Future Energy Systems (IGov2)



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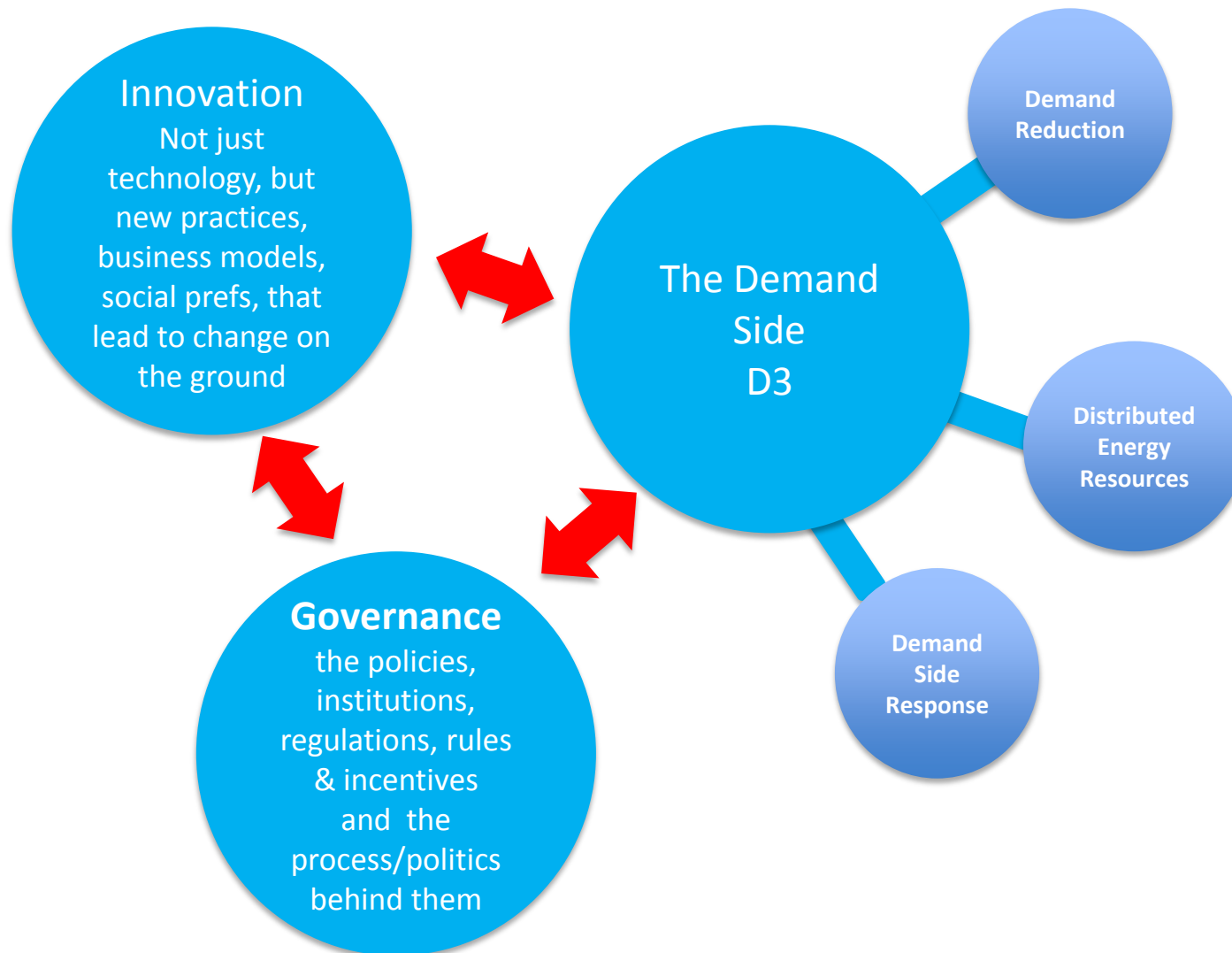
# IGov1 (2012-2016)



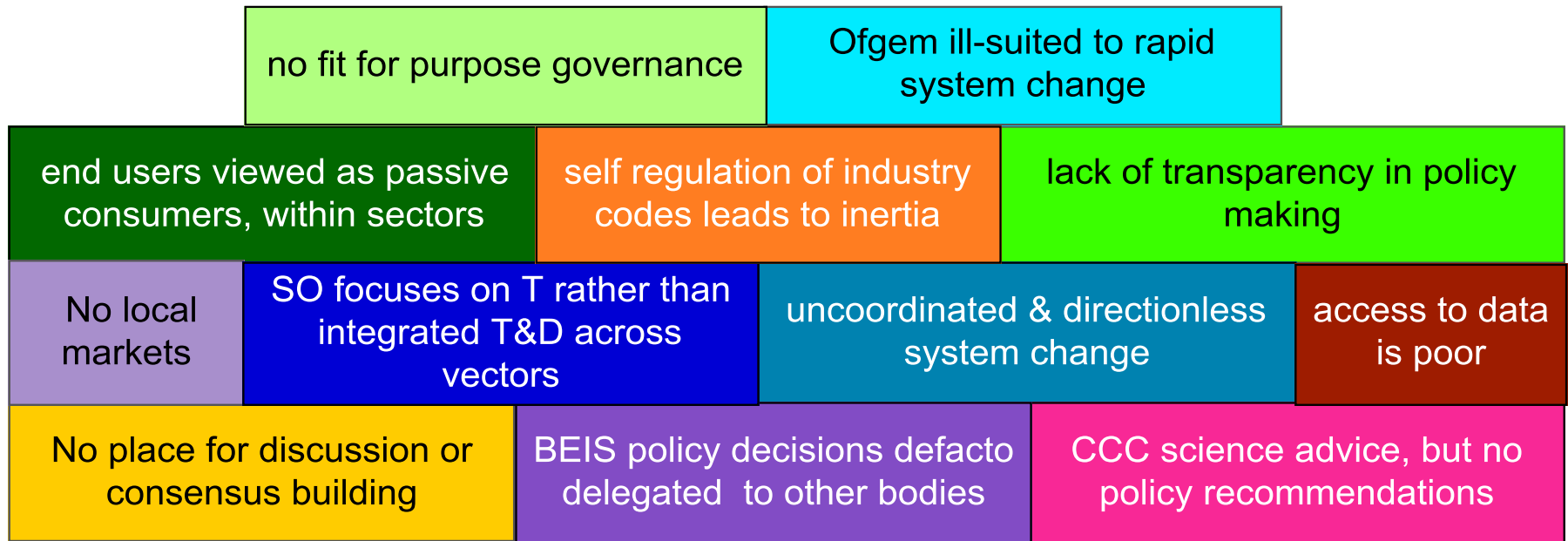
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# Definitions



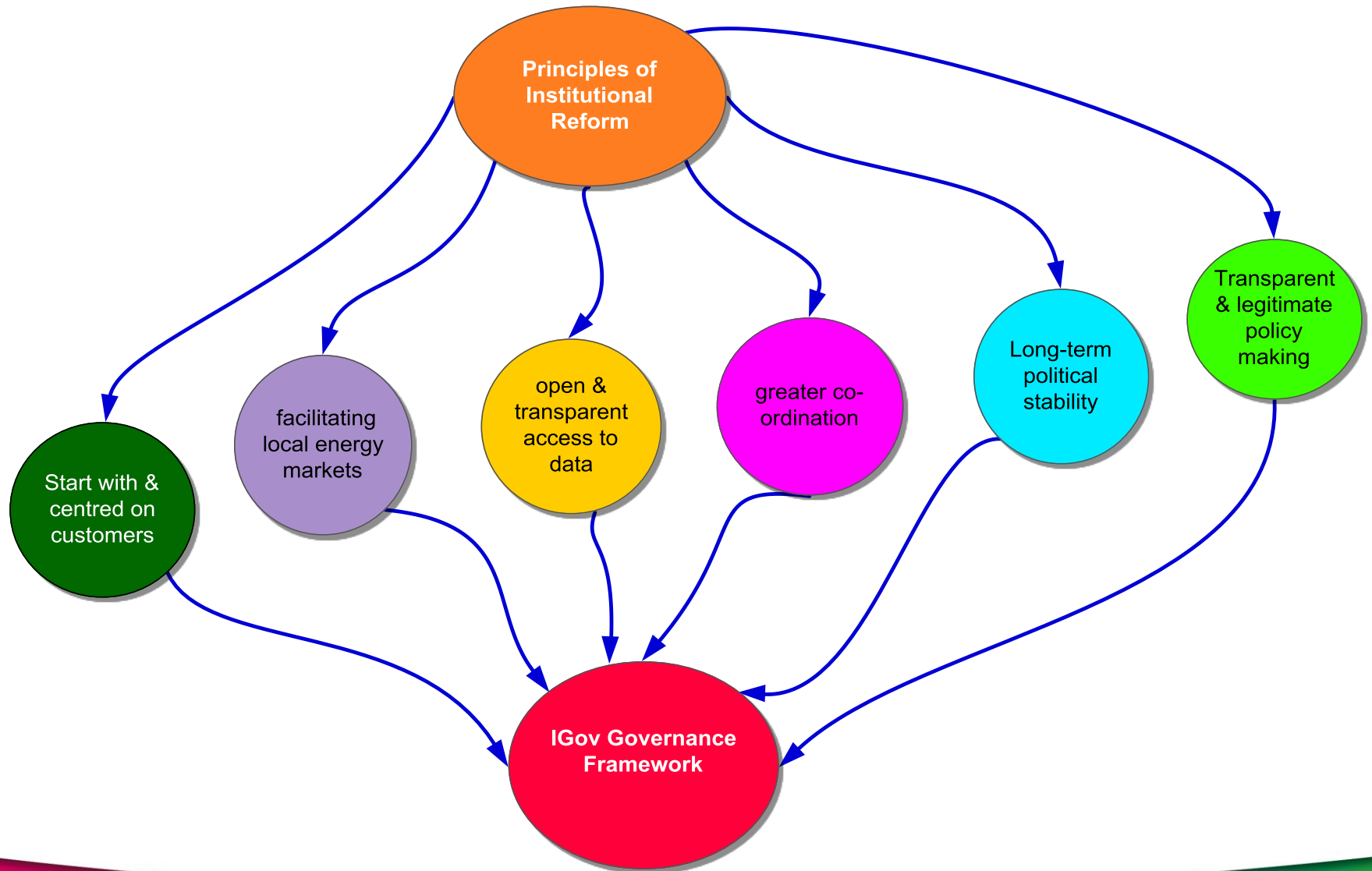
# Specific GB Governance problems to solve – comes out of evidence gathered from detailed case studies



# GB Governance is not fit for purpose

- Cluster of problems around current institutions (SO with conflicts of interests; large, inflexible, economic focused regulator; Codes which all but stop change; CCC which has carbon budgets but lacks ability to follow through; networks incentivised to sell rather than be smart)
- Lack of coordination, oversight and direction of energy system development – rhetoric of market (albeit not in practice)
- Lack of transparency and legitimacy in decision-making
- Areas of marginalisation or absence – no place for discussion / consensus building; end user seen as passive, absence of local markets, no data body to assist data as public good, no market monitor

# Principles of Institutional Reform



# IGov1 has put forward 6 principles of governance

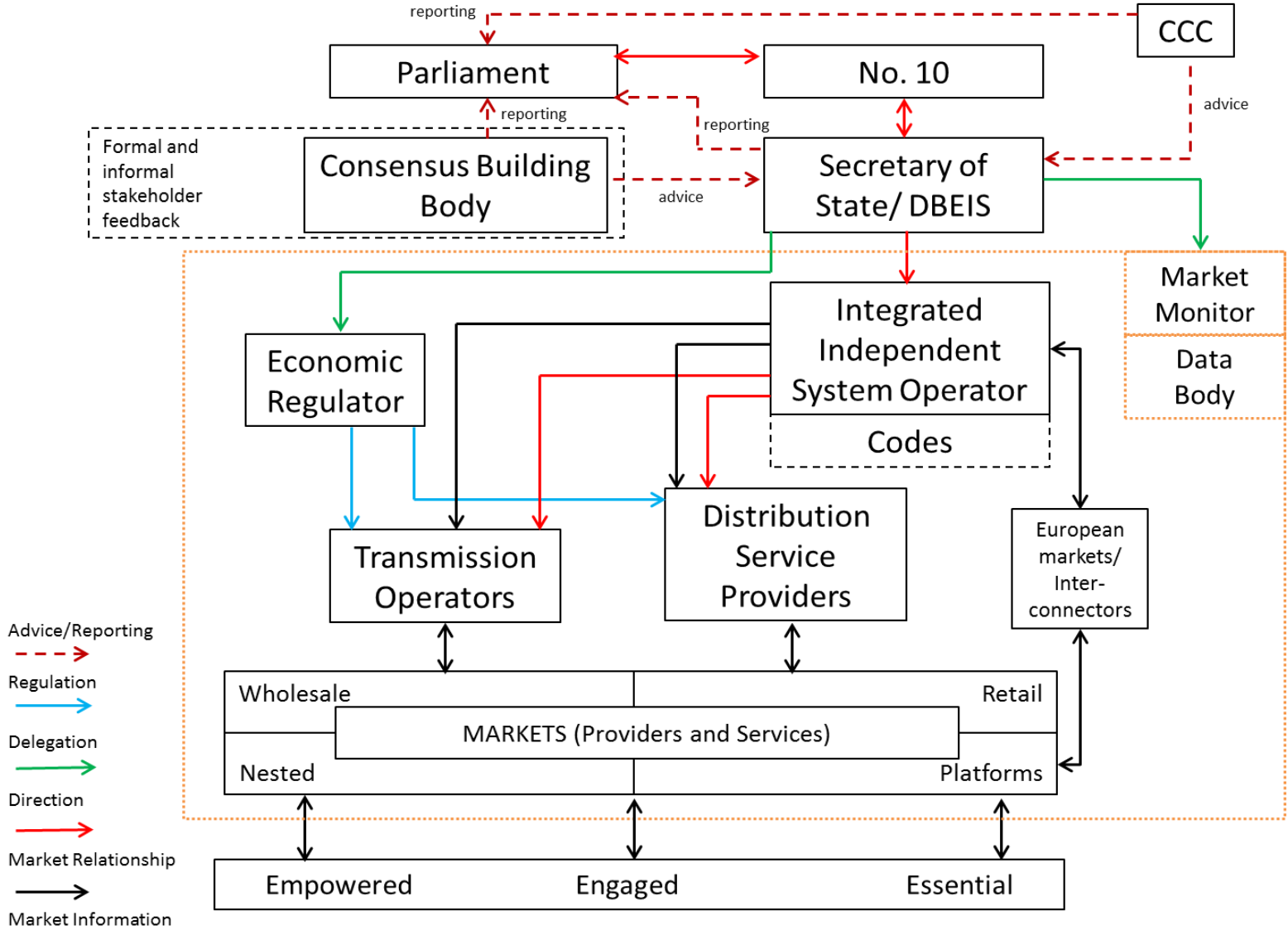
1. Starting with and centred on, the consumer
2. Facilitating local markets
3. Open and transparent access to data
4. Greater coordination and integration
5. Long-term political stability
6. Transparency and legitimacy in policy making

# IGov has proposed a fit-for-purpose institutional governance framework to meet those principles:

Principles of Institutional Reform	Institutional Reform
Energy System Centred on Customers	DSPs, local energy markets, bottom-up optimisation via DSPs and IISO
Facilitating Local Energy Markets	DSPs
Open and Transparent Access to Data	Data Body, Market Monitor
Greater Co-ordination	Consensus Building Body, IISO to enable the meeting of CCC budget, BEIS taking decisions, Ofgem as economic regulator only does economic regulation
Long-term Political Stability	Consensus Building Body
Transparent and Legitimate Policy-making	Greater coherence of decision-making; less delegation from BEIS to other bodies



# Fit for Purpose IGov Framework



# What IGov 1 shown

- Governance arrangements in GB are not fit for purpose – whether supply or demand
  - Governance is lagging technological change, emerging business models and social preferences
  - Value still going to ‘old’ system
  - A gap between rhetoric and practice
    - Often, energy policy is 1 step forward and 2 steps back in terms of move towards a sustainable, secure and affordable energy system and shown that
- That GB can gain valuable insights for governance change from other countries

# IGov2 (2016-2019)



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# IGov 2

- GB energy system effectively two streams
  - Conventional 'old'
  - The 'new' which is happening around the edges which is uncoordinated, chaotic, trying to survive and has no oversight
- IGov2 is trying to understand the governance needs of that 'new' system and its actors
- IGov2 is therefore more current and forward looking than IGov1
  - It is about change that is happening at the moment
    - And the different dimensions of that change eg: business models, gender, technology, markets, networks, ownership, political systems, system operation and economics, social preferences
  - And the reasons behind that change

# IGov 2 Overview

- Looking at governance from a new perspective
  - Who wants to innovate
  - Looking at the response from incumbents
- Its reviewing/assessing
  - Energy system change around the world (particular countries, but tracking others)
- Trying to understand big picture political economy
- Trying to understand British influence given Brexit and impact at different levels – international, Europe, national, regional
- Still focusing on demand side – but as with IGov1 also means we have to understand the whole system

# What IGov 2 will look at

- Is there a growing governance gap that lags technology and system innovation and public engagement
- Is there a continued gap between rhetoric and practice in policy making and governance
- What can we learn from responses to change from different countries
  - whether tipping points have occurred, how they have manifested themselves etc
  - how different places have managed disruption
  - how ‘new’ actors / entrants exist/develop in different countries, and the ways in which they (and innovation) are encouraged (or not), and the impacts of that elsewhere in the system, on costs, for business models etc

# Bridging the Governance Gap

- We wrote the IGov2 bid 18 months ago and things have already changed a lot
- It is clear that new entrants are having a very hard time in GB, it is very much one step forward, two steps back ie CM; embedded benefits etc
- We hope to translate this applied academic research and embed it into policy making to address this governance gap to ensure that the governance barriers of energy and climate change are dealt with, whilst the system remains secure and costs are controlled

# Research Steps

