PROJECT SPECIFICATION

Changes to the energy landscape and potential impacts on Scotland's consumers

Introduction

ClimateXChange wishes to commission research to better understand planned and likely changes in energy policy and the energy market; and, subsequently, their potential impacts on Scotland's consumers. The research will focus particularly on changes occurring in the next five years and will consider changes originating in Scotland, Great Britain and Europe which could impact on energy consumers.

Background

In December 2017, the Scottish Government launched the first Scottish Energy Strategy[1]. This sets out the Scottish Government's vision for the future energy system in Scotland. The Strategy aims to strengthen the development of local energy, protect and empower consumers, and support Scotland's climate change ambitions while tackling poor energy provision.

The Strategy articulates six energy priorities for a whole-system approach that considers both the use and the supply of energy for heat, power and transport. One of the six priorities of the Strategy is to promote consumer engagement and protect consumers from excessive or avoidable costs and promote the benefits of smarter domestic energy applications and systems for all consumers.

The Scottish Government is now developing a vision and action plan to set out its view of how consumers should be engaged and protected in the transition to a low carbon Scotland. In May 2018, the Scottish Government also published the Energy Efficient Scotland Route Map, setting out the actions the Government will take to improve the energy efficiency of Scotland's homes and buildings and support the uptake of low carbon heat.

At the same time, there are several significant changes underway within the energy market. From smart meters to electric vehicle charging, consumers are likely to be affected by extensive regulatory, policy change and technological change over the coming years.

The outcomes of this research should support the Scottish Government to more accurately and consistently assess and understand the impacts of policies and interventions on different types of consumer within the context of a changing energy landscape, and should help inform targeted interventions and support to suit different groups.

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[1] *Scottish Energy Strategy: The future of energy in Scotland*, Scottish Government, 2017
https://www.gov.scot/Resource/0052/00529523.pdf

Research objectives

To support the Scottish Government's development of the energy consumer vision and action plan, research is required to better understand the potential impacts of upcoming changes in energy policy and the energy market upon Scotland's consumers. The research will focus particularly on changes occurring in the next five years.

We wish to commission this research in two phases.

Phase one – Mapping and assessing changes in the energy market

The key research objectives of phase one are;

1) Establish a comprehensive picture of planned and likely changes in energy policy and the energy market which could affect consumers in Scotland over the next five years to 2024. These changes are likely to include regulatory, policy and technological change, including the introduction of minimum standards of energy efficiency in Scotland; the roll out of smart meters and other smart technologies; the introduction of price caps and changes to the Energy Company Obligation (ECO). Changes may originate in Scotland, Great Britain or Europe or they may be market driven changes.

2) Identify which of these changes may impact on consumer perceptions, behaviours or choices. This should include an assessment of any changes which may impact particularly on consumers in vulnerable situations or on those who are less engaged in the energy market.

Phase two – Assessing the likely impact of energy market changes on Scotland's consumers

The key research objectives of phase two are;

1) Provide a distributional impact assessment of;
    o Potential benefits and opportunities for consumers arising from these changes. This might include saving money, having a smaller climate impact, having a warmer and more comfortable home or finding it easier or cheaper to have an electric vehicle
    o Potential challenges and drawbacks for consumers. This might include increased costs associated with retrofitting a property or installing a low carbon heating system, higher costs or fewer incentives to generate renewable electricity at home, or difficulties in charging an electric vehicle.

    This should use the Scottish Government's consumer types (currently in development) as a framework for assessment, but should also take into account any demographic or geographic characteristics of consumers who may be impacted by upcoming energy market changes.

2) <u>Provide an assessment of any potential gaps in consumer protection resulting from the changes identified in phase one.</u> This analysis should build on the impact assessment above, identifying any particular groups of consumers who may be more at risk of detriment as a result of likely or planned changes in the energy market.

3) <u>Provide suggestions on;</u>
   o How the Scottish Government, Ofgem, UK Government and consumer groups might support consumers to be aware of, and prepared for, changes in the energy market or in the rollout of energy policies
   o What additional or enhanced consumer protections may be required
   o What support different groups of consumers may need to avoid experiencing detriment

Project governance

The project will have a Steering Group with members from the Scottish Government and ClimateXChange.

The Steering Group will meet to discuss the remit of the project at the outset and to discuss the findings and final outputs.

The lead contact for ClimateXChange will be Project and Information Manager Sarah Beattie-Smith. Update calls in addition to the Steering Group meetings will be scheduled between the contractor's project lead and the CXC project manager to discuss progress.

Methodology

Tenderers are invited to put forward proposals on how to best meet the research objectives within the budget available. A full explanation of your chosen approach, including any limitations, should be provided.

It is anticipated that the research is likely to involve a combination of desk research, literature review and potentially modelling and/or interviews. We would welcome suggestions for how and whether to apply the Distributional Impacts Model for Policy Scenario Analysis for this research.

The work should consider the following publications;

- *Scottish Energy Strategy: The future of energy in Scotland*, Scottish Government, 2017
  https://www.gov.scot/Resource/0052/00529523.pdf

- *Energy Efficient Scotland Route Map,* Scottish Government, 2018
  https://www.gov.scot/Publications/2018/05/1462
- *The Scottish Government's Climate Change Plan, Third Report on Proposals and Policies 2018-2032 (RPP3)*, Scottish Government, 2018
  https://www.gov.scot/Publications/2018/02/8867
- *Future Energy Scenarios*, National Grid, 2017 http://fes.nationalgrid.com/
- *State of the Energy Market,* Ofgem, 2017
  https://www.ofgem.gov.uk/system/files/docs/2017/10/state_of_the_market_report_2017_web_1.pdf
- *Consumer Tracker Survey 2017*, Citizens Advice Scotland
  https://www.cas.org.uk/system/files/publications/2017-06-28_cfu_consumer_tracker_2017_insight_report_as_published.pdf
- *Beyond average consumption; Development of a framework for assessing impact of policy proposals on different consumer groups;* Report to Ofgem by Vicki White, Simon Roberts, Ian Preston, Centre for Sustainable Energy, August 2012
  https://www.cse.org.uk/projects/view/1223

Outputs

This project is commissioned on behalf of the Scottish Government and presentation of the results should be in a form that can be easily understood by readers without a science background.

The outputs for this project will include:

Phase one – Mapping and assessing changes in the energy market

- A project report of no more than 15 pages, written in plain English and following the CXC house style[2]. It should comprise:
    - An executive summary of no more than two pages, detailing the key findings, the aim of the project and the value to a policy audience
    - An overview of the upcoming changes in the energy market and energy policy landscape which could have an impact on domestic energy consumers in Scotland
    - An assessment of which of these changes may impact on consumer perceptions, behaviours or choices, paying particular attention to vulnerable consumers and those less engaged in the energy market.

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[2] https://www.climatexchange.org.uk/media/3219/cxc-writing-guide-updated.pdf

Phase two – Assessing the likely impact of energy market changes on Scotland's consumers

- A project report of no more than 30 pages, written in plain English and following the CXC house style. It should comprise:
    - A distributional impact assessment of potential benefits, opportunities challenges and drawbacks for consumers. This should use the Scottish Government's consumer types (currently in development) as a framework for assessment and should also take into account any demographic or geographic characteristics of consumers who may be impacted by upcoming energy market changes.
    - An assessment of any potential gaps in consumer protection resulting from the changes identified in phase one, identifying any particular groups of consumers who may be more at risk of detriment as a result of likely or planned changes in the energy market.
    - Suggestions on;
        - How the Scottish Government, Ofgem, UK Government and consumer groups might support consumers to be aware of, and prepared for, changes in the energy market
        - What additional or enhanced consumer protections may be required
        - What support different groups of consumers may need to avoid experiencing detriment
- Appendices to include;
    - Methodology
    - References
    - And a glossary if required; and
- At least one presentation to officials of the Scottish Government on the findings from the project.

The outputs will be written in plain English and follow the CXC style guide, presenting findings against the criteria agreed.

The ownership of the research material including the final report and any data produced as a result of the research lies with ClimateXChange on behalf of Scottish Ministers. The research will be published on the ClimateXChange website, the date and format of which will be determined by the Scottish Government and ClimateXChange.

Project Timetable*

Milestone	Completed by
Kick off meeting to agree • Scoping approach • Resolution of any outstanding questions/ exceptions • Roles of steering group members in supporting the contractor, and project communication	w/c 5th November 2018
Progress reporting to CXC	Fortnightly throughout
Steering Group meeting	w/c 26th November
Submission of phase one draft report	w/c 3rd December
Presentation of final report to Steering Group	w/c 7th January
**Decision on appointment of contract for phase two	w/c 14th January
**Commencement of phase two	w/c 11th February
**Steering Group meeting	w/c 25th February
**Submission of phase two draft report	w/c 11th March
**Submission of final report & presentations	w/c 25th March

*Please note that this timetable is subject to change as it includes dependencies on other research.

**Subject to funding and completion of phase one; and on the delivery of separate concurrent research.

Submitting a proposal

Please send a **brief** proposal (no more than six pages of substantive text) responding to each of the award criteria above, including work plan with deadlines, CVs for the proposed delivery team, applicable day rates, relevant research experience, examples of previous work and the number of person days' work proposed.

Your proposal should make clear whether you intend to deliver phase one only, or if you wish to bid to deliver both phases.

Proposals should be clearly structured to allow readers to understand your proposed approach to delivering on phase one and, if applicable, phase two.

Please note that appointments will only be made for the delivery of phase one of this work in the first instance. Decisions relating to delivery of phase two of this work will be made

Proposals need to be submitted to lee.callaghan@ed.ac.uk and cc'd to s.beattiesmith@ed.ac.uk for evaluation **by noon on 25th October**

We aim to notify the successful bidder by 1st November 2018 in order for work to commence in the week beginning 5th November.

- Phase one – we expect phase one of this project to be delivered for a budget in the range of £8-10,000 (including VAT)
- Phase two – we expect phase two of this project to be delivered for a budget in the range of £20-25,000 (including VAT). However, ClimateXChange would welcome proposals for less than this amount.

Depending on the quality of proposals received, CXC may chose not to appoint any contractor.

You should highlight any potential conflicts of interest in your proposal. For queries about what may constitute a potential conflict of interest or any other questions regarding this ITQ, please contact Project and Information Manager Sarah Beattie-Smith on s.beattiesmith@ed.ac.uk.

Award Criteria

Price		20%
Quality		**80%**
	1. State the team members' names and their role in the team for this project.	Not scored
	2. Understanding of the research specification and the policy environment. • The proposal should include an introduction which demonstrates a clear understanding of the research requirements, including an understanding of the policy environment and the supporting role of this research; the need for this research; the research aim; and how the proposal will address this aim.	25
	3. Proposed Methodology • Outline the approach the proposed team will take to undertaking this research, including any limitations.	30
	4. Reporting • Demonstrate the proposed team's capability in communicating research effectively in a fast-moving policy environment • Demonstrate experience of writing reports for a non-specialist audience.	15
	5. Risk • Present a risk assessment matrix detailing any risks identified in relation to the delivery of this project, and proposed mitigation measures to minimise their probability and impact, focused particularly on risk to completion on time and quality control.	10

October 2018