

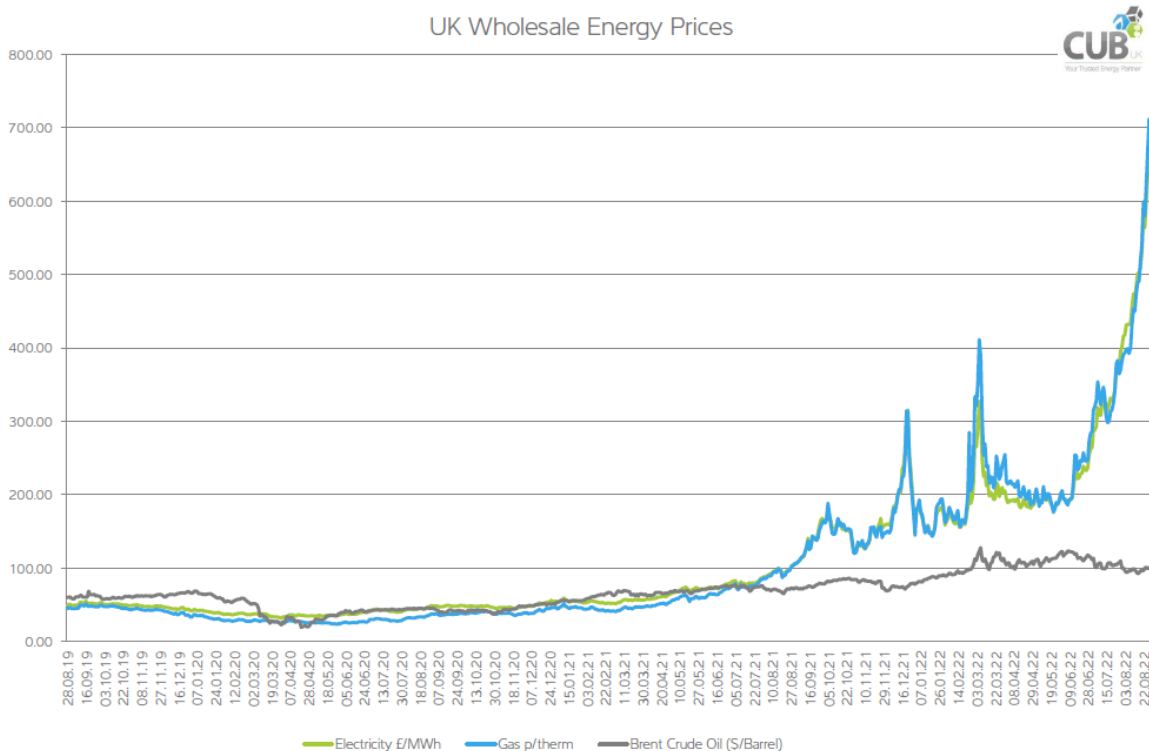
The CUB Reduction Reward Scheme

How we helped balance the grid and generated £58k income for our customers this Winter



CUB (UK) Ltd, established in 1994, are a family-owned business with an ethos for putting the customer first. This isn't just a strapline; the whole business is run with this in mind, and it shows in the length of our customer relationships, and what they have to say about their experience of our service through reviews and testimonials.

CUB have helped customers to reduce their energy spend and usage since we were established, and we are always looking at new ways to help. Towards the end of summer of 2022 energy prices were astronomically high and many of our clients were facing huge price hikes in energy costs, as well as other cost bases across the business, mainly brought about by the invasion of Ukraine by Russia and the knock-on effects of this politically and economically. Overall, it was an exceedingly challenging time.



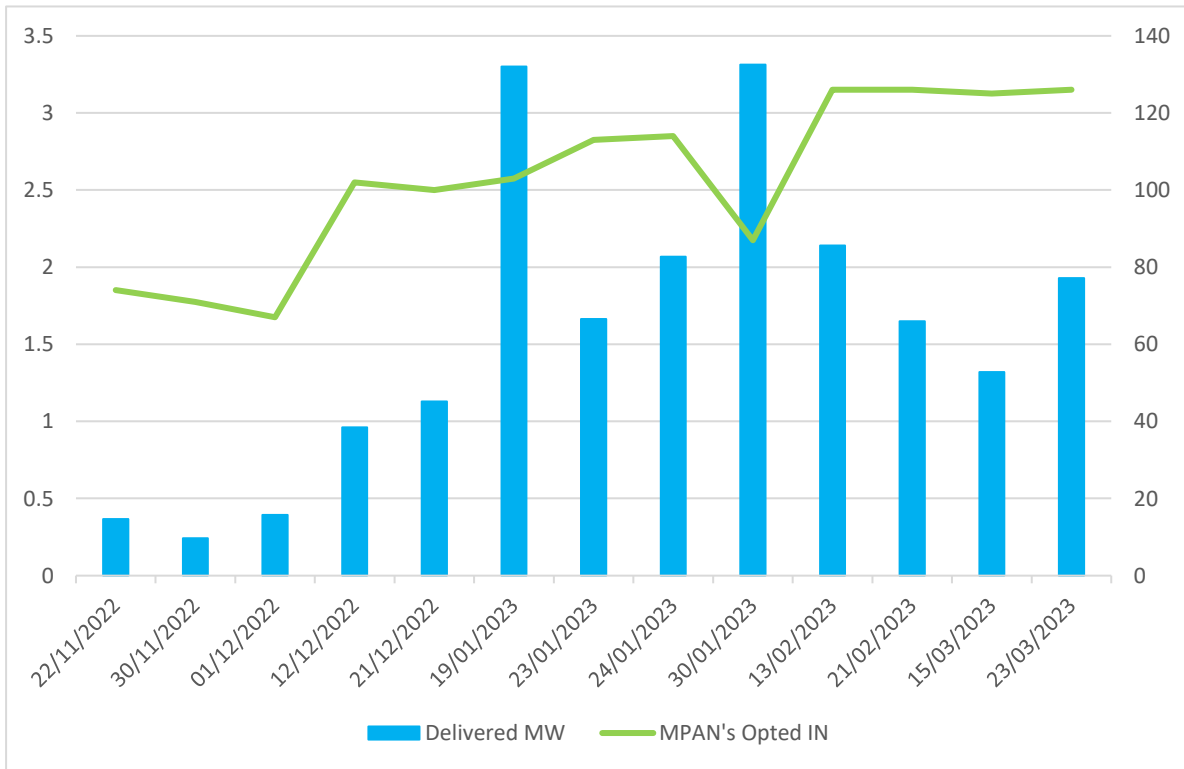
This was not a buyer's market and as such Louis Fairfax MD of CUB set about considering ways to enable customers to capitalise on these prices. CUB helped clients by setting up contracts for any power they were exporting to the grid through on site generation, and any customers that didn't require energy already purchased, with the option to sell back to the market, were approached to achieve a lower price for them. However, we felt more could be done.

In November 22 National Grid ESO started on boarding customers to their newly (and very quickly) formed Demand Flexibility Service¹. The ESO felt that this service was needed to provide a higher level of "headroom" during the winter months, and it was set up to incentivise energy users to reduce usage at peak times in return for a financial reward.

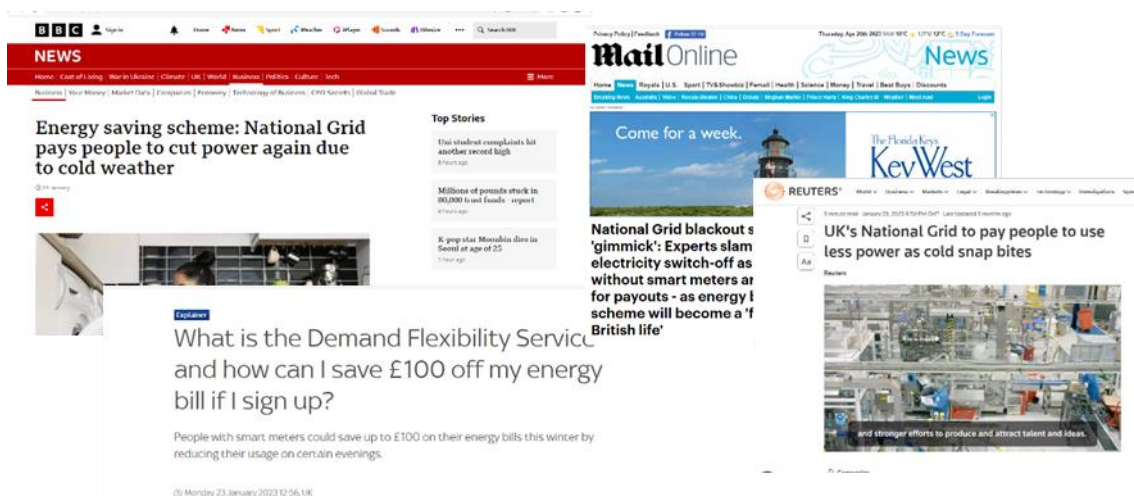
¹ <https://www.nationalgrideso.com/industry-information/balancing-services/demand-flexibility-service-dfs>

CUB applied to become an approved provider of the scheme through NGESO directly and created the CUB Reduction Reward Scheme. The scheme was set up just in time to maximise the benefit of the full twelve “test” events that were made available by National Grid ESO for entrants of the scheme from 18th November to 31st March 2023.

CUB promoted this opportunity to all its Half Hourly metered customers were extremely impressed with the response from our customer base, with around 85% of customers approached choosing to opt-in to the scheme. Initially we trialled the scheme focusing on those clients that we could easily obtain data for, so the first couple of events saw a lower level of participation. This then built up throughout the events as can be seen below.



In total across Winter there were 14 RR events, 12 of these were guaranteed “test” events initiated by NGESO at appropriate times in order to bolster the system. Two of these events took place on 12th December 2023 back to back between 17.30 and 19.30. As the Winter progressed it seemed unlikely that NGESO would require the DFS scheme for any “real” events as the system was coping much better than expected. However on 23rd and 24th January a cold weather snap and some supply concerns led NGESO to initiate 2 DFS events. This made the headlines!



The 12 test events that took place had a guaranteed price of £3,000/MWH however as the events on 23rd and 24th Jan were real events a bidding process took place. On 24th Jan CUB were able to secure the highest price in the market of £6,500/MWH for one of our DFS units and therefore the CUB basket achieved an average price of £5,536/MWH with a payment of £13,528 paid out to 114 MPAN's on that date. Event times varied throughout the Winter with 12 of 14 events taking place between 16.30 and 19.30 and 2 events between 09.30 and 10.30 as can be seen below.

Time of Event	Number of Events
09.30-10.30	2
16.30-18.00	1
17.00-18.00	3
17.30-18.30	5
18.00-19.00	1
18.30-19.30	2

We were impressed with the fantastic level of engagement across our portfolio of clients with customers in manufacturing, food, hospitality, waste, recycling and retail sectors taking part as well as many others. Users ranging from 14,000 kwh to 14,000,000 kwh per annum took part which means that customers both large and small are benefiting! The highest earning customer saw £6,203 from the event of 24th Jan.

In addition to the income from the scheme customers highlighted the benefit of analysing energy usage and opportunities for savings with one customer noticing an excessive out of hours usage which through changes to their building management processes has delivered savings of £9k per annum.

Feedback from our customer base has been positive throughout the Winter with one customer (a car dealership firm) stating "It has definitely been worth us participating. Thanks to CUB for organising & inviting us to participate." And another plastic recycling firm "We were pleased with the result from the first event, seeing £2k in benefit from this. We have since been involved in another five events and our income overall is £8k which we are absolutely thrilled about. This has come at a time when energy prices are high, costs across the board are escalating and we are working in an increasingly competitive environment."

Reduction Reward Scheme – key facts

Number of events – 14

Total CUB RR Portfolio – 85 million kwh per annum

Average number of MPAN's in event – 102

Total CUB client revenue earned from events - £58,104

Largest client revenue earned in single event - £6,203

Total MWH saved across all events – 22 MWH

Carbon saved across all events – 4 tonnes

As shown above wider impact of our efforts within the scheme are that we have saved 4 tons in carbon emissions, the equivalent of 200 trees growing for one year and enough MW to power 6,000 homes for an hour. However, the longer-term benefits of our involvement in the scheme will be felt for years to come as a business, sector and country. CUB are now positioned to help more businesses generate income through similar schemes and are in the process of agreeing partnerships with all major providers allowing us to access new products and services for years to come.

If you want to learn more about the CUB Reduction Reward Scheme, please feel free to call Louis Fairfax on 07966 6 14742.