



Coventry City Council

RESO - Market Design Overview

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The market context

The RESO project is exploring how local energy markets can support Coventry in achieving its ambitious net zero goals.

In the next 10 years, Coventry is forecast to install much more local electricity generation alongside new types of flexible demand from electric vehicles and heat pumps.

Local energy markets can help to coordinate these new technologies and can provide financial incentives for consumers who opt to shift their energy use when requested.

Objectives

- The local energy market design is a key component of the RESO project's objective to help Coventry meet net zero and reduce customer bills. The main objectives for RESO's work on markets were:
 - To identify value streams which clean technologies provide that can underpin a new local market.
 - To consider how local energy markets interact with other aspects of the RESO design, such as infrastructure, governance and investment.
 - To provide a detailed design of a local energy market and use market modelling to quantify the potential value of that market to Coventry's consumers.



A few considerations

- 1. A key factor influencing the value and design of local markets is how Coventry decides to decarbonise its heating supply: in scenarios where Coventry's heating is mainly electricity-based, markets that incentivise consumers to shift heating demand during winter will be key for helping to protect the electricity network. Whilst hydrogen based heating will require upfront investment, it could mean less strain on the electricity network.
- 2. Coventry will not be able to generate sufficient local energy to cover all of its citizens' needs. This means that to some extent a local energy market will need to interact with existing national markets.

Key outcomes so far



We have scoped which local markets will be relevant to Coventry to 2032, building on the Coventry Future Energy Scenarios.



We have completed a feasibility assessment of two local markets that can help Coventry consumers to reduce their energy bills, whilst enabling the city to accelerate meeting net zero.



- We have also proposed a set of functions/ responsibilities a RESO could take on to ensure the market met Coventry's economic, social and environmental objectives.

Next Steps

- Our market modelling work continues to be refined and the outputs will be detailed in a final report.
- We will continue to work with the organisational design team to define the value of a market under a RESO versus BAU.
- We will define the value proposition for the end users of the market based on the final market modelling outputs, and include feedback from our stakeholder engagement work to ensure that the market design is aligned with the needs of Coventry's council and energy consumers.
- For more information contact WMRESO@Coventry.gov.uk