

Kaluza and OVO Energy Australia Partnering in rapid innovation

Kaluza and OVO Energy Australia (OEA) partnered in 2021 to explore what the future of energy retail could look like. Powered by energy software platform, Kaluza, OVO Energy Australia has been able to prove how retailers are able to thrive despite growing volatility in the energy market. It has tripled its customer numbers within a year of full migration to Kaluza and is benefiting from an NPS score 40 points above the average incumbent.

Following a full customer migration to Kaluza, the partners worked together to find solutions to the emerging challenges in the energy system as a result of renewables proliferation and the subsequent increase in volatility. One successful tactic has been the launch of multiple innovative propositions for OEA customers, each focusing on an aspect of the energy system which was posing challenges to OEA as well as other retailers.

Powering progress: OEA launched innovative propositions in record time



The problem

Households were not making use of the cheapest kWh available to charge their EVs, and exporting solar to the grid when charging their EV would have been most economical.

The solution

OEA launched the **EV Plan** with cheaper overnight charging and free energy for 3 hours in the middle of the day. In parallel, Kaluza leveraged its DER capabilities to enable an EV smart charging product called **EV Control**.

Time to launch

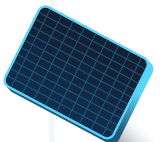
19 days



OEA faced a challenge with midday solar generation turning customers into net-exporters as spot prices turned negative.

The **Free 3 Plan** offers customers three hours of free energy every day. Load shifting benefits customer lifetime value by offering a proposition unmatched by their competitors.

23 days



With a high dependency on coal and an abundance of solar opportunity OEA needed to engage customers with a solar proposition to push forward the energy transition.

OEA launched **Solar Plan**, a feed-in tariff providing visibility into solar generation data and patterns.

13 days

Simplifying complexity for the customer

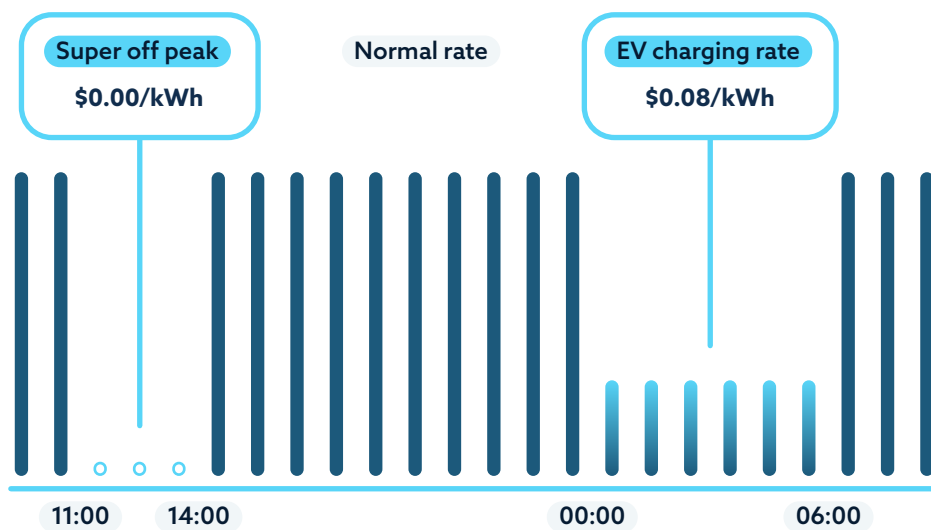
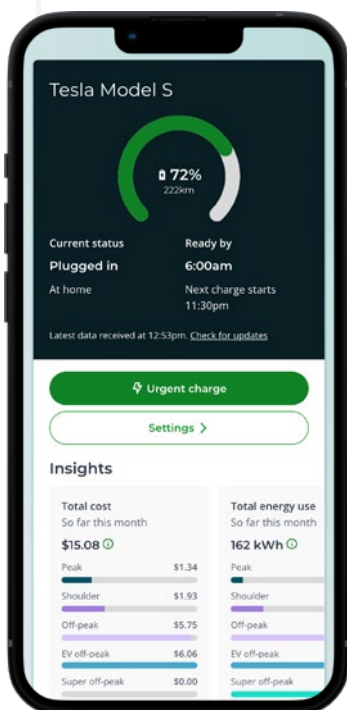
Kaluza integrates and actively controls EVs enabling the launch of the EV Control product. Kaluza also uses solar forecasts, live output and other device data to ensure customers maximise self solar consumption whilst also minimising costs. Over the course of a year, OEA will gain a gross margin benefit of \$50 a year per customer.

By actively managing devices for optimal usage and developing products that align with the changes in the energy market, OEA are building value for their customers as well as the bottom line. Rather than focusing exclusively on cost to serve, they are growing customer lifetime value i.e. the margin the energy retailer makes from a customer, multiplied by the lifetime of that customer while accounting for the customer acquisition cost.

Energy retailers can grow this value by investing in the optimisations as OEA has done to extend and boost the customer lifetime by leveraging new opportunities from the transition: seamless product bundling, optimising demand in DERs and connecting devices in the energy system.

EV Control minimises the cost of charging for OEA customers

\$461
average
annual saving*



*Based on 20kWh/100km and driving 13,800km a year on an anytime tariff

Customers connect
devices, unlocking
access to data
and control



Market, device
and weather data
are combined to
optimise charging

Mitigating retailer financial impact via compelling propositions

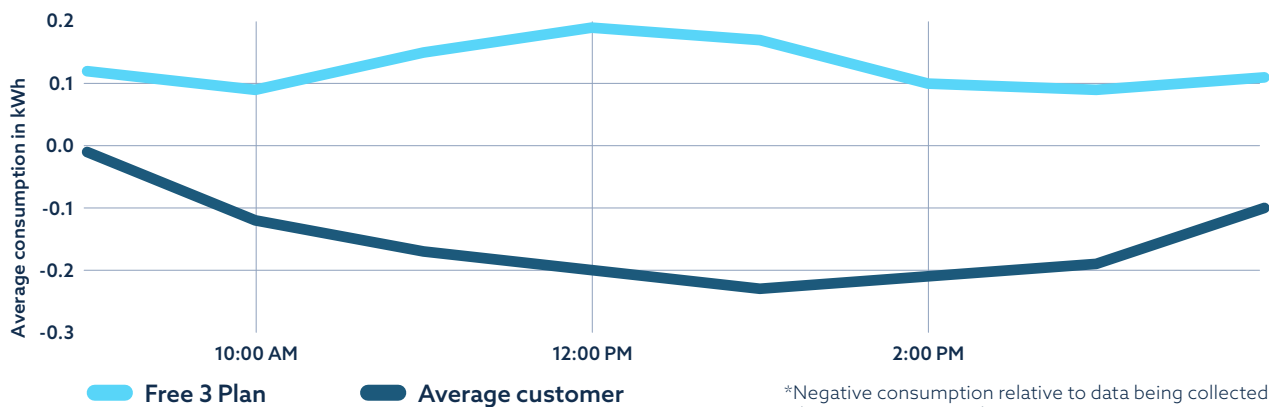
The propositions launched by OEA have one key thing in common: harnessing demand flexibility.

Using demand flexibility to encourage load shifting is an important tool that energy retailers can leverage to navigate the challenges of volatility and guarantee a more strategic approach to the energy transition. Customers can be encouraged to shift their energy consumption to times when rates are lower due to more renewable energy being available on the grid. Energy retailers can leverage tools like time-of-use rates or automated demand response to shift consumption to manage risks associated with electricity price fluctuations.

With Kaluza's real-time data insights and flexible architecture, OEA's propositions were aimed at optimising customer energy consumption to work with, rather than against, volatility driven by the abundance of renewable energy. These propositions provided financial incentives for customers to change their energy usage patterns encouraging overnight and midday time periods over peak evening periods. Over the course of a month, OEA customers on the propositions demonstrated significant changes in their energy usage patterns.

-12%
in solar exports
during peak
sunlight hours

Average customers and Free 3 Plan consumption during midday hours*



These innovations mean that OEA can weather the risks and challenges introduced by increased volatility in the market, and focus on the opportunities of the energy transition. With the ability to incentivise their customers to load shift and support them in actively managing their DERs, they can mitigate the financial impact of zero, negative, or spikes in prices to provide more certainty to customers on their bills.

Flexible propositions such as these are the future, supporting customers, energy retailers and the sustainability of the energy system itself. OEA is making it easier and simpler for their customers to take advantage of DERs and demand response technologies, which in turn will help them make cost savings.

Rapid innovation is critical to taking advantage of dynamic market conditions and maintaining sustainable growth. Being able to respond to trends quickly is key for Australian energy retailers that are struggling to manage their exposure to high and volatile electricity prices.

Retailers launching new propositions to help customers optimise their solar panels and EVs will stand to gain market share and enhance customer loyalty.

"Kaluza has allowed us to quickly launch innovative propositions, designed for the modern energy customer.

These offerings have enabled us to maintain a competitive edge, mitigate increased volatility and reward our customers with low-carbon solutions that also help save them money."

Mark Yemm
CEO, OVO Energy Australia

The future of retail, today

Since completing the migration and launching its new propositions, OEA is operating with high performance levels using a digital-first experience to rapidly innovate. It has tripled its customer numbers by launching innovative propositions while simultaneously driving down cost to serve metrics in its core operations.

With more efficient tooling and automation provided by Kaluza, OEA have experienced a rise in self-service rates which has contributed to reducing their overall cost to serve by 44%. Dropping cost to serve so radically frees up resources to invest further in developing new propositions to meet the challenges of the new energy system.

Discover more at kaluza.com



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