



# Platform markets and energy services

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**Abstract** A structural shift from transaction-based, marginal cost pricing to fee-based service business models often accompanies the emergence of “platform” markets, i.e. multi-sided markets where an intermediary captures the value of the interaction between user groups. The many examples include telecommunications, data storage, cinema, music and media, and the automobile industry. Why not electricity? In this paper, we explore how the electricity supply industry can be conceived of as a platform-mediated, two-sided market and the consequences for pricing. Through two cases, a balancing services provider for smart home energy management systems and an electric vehicle charge manager, we show where a platform entrant could position itself in the retail electricity markets between supply companies and end-users. The drivers of such a transition include increased volatility due to renewable generation, the new complexity of roles for end-users, and the introduction of information and communication technologies. Conceiving of electricity as a platform market where new entrants provide an energy optimisation and management service may stimulate a competitive ecosystem and innovation. We suggest that fee-based pricing would enable the objectives of time-varying pricing to be achieved without adversely affecting the most vulnerable customers.

**Keywords** Platforms, balancing services, electric vehicles, retail electricity markets

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