Russell: Thanks for downloading Inside Octopus, where our aim is to give insights into Octopus Energy's DNA, the way we work and think, our values and our people, exploring our products and services, the technology that sits behind them and the culture that is driving us to deliver cheaper greener energy. My name is Russell Goldsmith.

For this episode, I'm thrilled to welcome a new name to the company, but certainly not a new name to the industry. Rachel Fletcher is Octopus Energy's new director of regulations and economics, but for the past three years was CEO of the UKs water regulator OFWAT. So what brings you to Octopus Energy?

Rachel: Oh, thanks Russell. Well what brings me to Octopus? Two really big things. One is the really, really big purpose that Octopus has set for itself, which is to be a really constructive force for good in the green energy revolution, helping us to get there faster and getting there cheaper as well.

The second thing actually for me is inside Octopus - what makes it tick? How does it work as an organization? I’m really fascinated to learn from an organization that will be working very, very differently from my own background in the public sector.

Russell: Have you been keeping an eye on where Octopus has come from and grown over that time from that external view.

Rachel: Yeah, a little bit. I mean, I left energy three years ago and at that time, you know, there were a couple of new challenger companies on the block. Octopus was one of them. And, you know, I was beginning to see companies coming forward with really different value propositions for customers with a different ethos - really turning things upside down and challenging the status quo. So yeah, a little bit of an eye on what's been happening and it's been really exciting to see in Octopus and others, actually, not just the growth of the company, but how well it's held close to its values - its commitment to customers and great customer service - but also seeing the exciting new products that it is bringing forward to help unlock, the demand side and the flexibility that that customers can bring to a decarbonized energy system.

Russell: Great. What you just touched on there - I mean, prior to OFWAT I was going to say that you spent 15 years at Ofgem. Why make the move from regulator to energy provider?

Rachel: Well, look, I mean the common thread, I think, Is about trying to drive change as a regulator. That's what I've been doing for the last 15 years or so. But I think if you look particularly at the net zero challenge, I don't think we're going to get there through regulators and policy makers alone. I think we're only really going to be able to achieve that great hairy and absolutely vital ambition if we've got a large number of innovative creative businesses that are committed to the same outcome, but are bringing different skill sets to the party and are actually showing what can be done rather than talking about and producing papers and what can be done, which is what regulators and policy makers do. So that's really the big attraction for me - to bring skills that I've developed over the years, but to bring them into the corporate side of things and to really be part of that synthesis of companies with their innovation and their creativity working and pushing in the same direction as policymakers and regulators.

Russell: And who approached who? How did the opportunity come about?

Rachel: Greg Jackson, Octopus CEO, approached me. And you know, I was, I was kind of happily working away in the water industry and really enjoying that role. But to some extent, he was also pushing on an open door. I'd been a regulator in the energy sector, seeing companies like octopus come along in particular. Companies that were interested in really making use of technology and data to put power into people's hands. To be part of the pathway to net zero, really, really interested me.

I'd always had in the back of my mind that at some point in my career, It would be great to work in a company like that. So he was definitely pushing on a door that might not have been wide open, but was certainly off the latch. So what was the response from your colleagues in the industry when the announcement was made?

Yeah, really interesting. I think two things, I mean, one is actually everybody said: ‘Wow. I can see why you'd want to join Octopus Energy. What a great company.’ And I think that says a lot actually about the profile that the company has built up over a really short period of time.

I mean the second is obviously everybody was very complimentary and sad about me leaving, but you know, the thing I've realized over the last couple of months, as I've been handing over to my successor, is actually that I'm completely dispensable and I'm already seeing OFWAT, actually running perfectly well without me. And I think that just cements the fact that I made the right decision, that it's time to move on.

Russell: What about Octopus Energy’s Mission itself? I mean, what is it about that that excites you?

Rachel: Well, look, I mean, the thing that strikes me now, actually, is the real importance of tackling climate change?

It feels like it's reached a real zenith moment. You know, recognition - people seem to have woken up. Actually, if we don't act quickly to address climate change, we're going to do irreparable damage to the planet. And I think people like Gretta Thunburg and the extinction rebellion movement have really drummed up that recognition in a way that I haven't seen in my entire career in energy. So I think it's a fantastic moment to be really pushing the decarbonization agenda in the context of the broader climate change emergency, which I do believe that we are facing and which I think future generations will look back on people like me and say, well, what did you do? Were you part of sorting this out? Did you put your weight behind it? So that really excites me and actually, I think it shows the importance of what Octopus is trying to do.

I mean, I think the other thing is that, you know, three years in the water industry have made me realize that the challenges that we're facing are not just about emissions and not just about global warming. When our natural world is actually better destroyed, we're destroying biodiversity and, and indeed, actually I think there's an increasing public recognition that we need to be careful stewards of our environment. And these two things are linked - climate change and biodiversity - and looking after the planet for future generations are all part and parcel of the same thing for me.

And, you know, I'm really keen to be part of seeing a more holistic and joined up approach, not just decarbonizing energy, but how can we as a society take better care of the environment. How can we build sustainable homes for example, and make sure that we're not depleting the natural world of the resources that we need for sustainable living.

Russell: And so what are you expecting in terms of - I mean, will there be a culture shift moving from public sector to private company?

Rachel: I think I'd be disappointed if there isn't, the opportunity to learn new things is really hugely valuable and something I'm really looking forward to.

The big contrast I think is that I've spent the last 15 years in the public sector which is, you know, quite hierarchical, quite a lot of governance (for very good reasons), quite risk averse, and very focused on consistency in decision-making. Whereas the entire Octopus Energy business operating model, as I understand it, is one that celebrates autonomy, really looks to avoid putting strictures and constraints on people's creativity and is starting completely from the opposite end of the spectrum. And actually as a civil servant, I've been trying over the years to create some of that autonomy and innovation that we see in companies like Octopus Energy within the public service, but there's going to be nothing quite like seeing it firsthand and living it for myself. And that might be challenging at times, but I'm going to be learning a huge amount.

Russell: Let's go through this and tell us exactly what the role of the director of regulations and economics will be.

Rachel: Well, I think you know, Russell, that I can really answer that question, not because it's top secret, but because it's a rule that doesn't exist at the moment. And I think it's probably true to form in Octopus that it's not a role that has been very tightly defined with a careful box put around it.

I think it's an opportunity for me to come in and find out how best I can use my skills and experience and work with people and in Octopus to really help Octopus influence the policy and regulatory agenda. So at a high level, that's the objective, quite how it will work is a different thing altogether.

I think the thing that's important about the role actually is I see it as being a bi-directional role, if you like. I mean, part of it is bringing information and evidence and Octopus’ own experience and achievements into the policy debate so that policy makers, regulators can understand what's in the art of the possible. But also hopefully to bring an even better understanding of the policy directions and challenges and debates back into Octopus Energy so that that can be part and parcel of the company's strategic thinking.

Russell: Emily Gosden, the energy editor at the Times. wrote about your new role when the announcement was made. I was interested to read in the article - she said that the appointment had been approved by the government's advisory committee on business appointments, but they had placed restrictions on your interactions with government for two years. So I was just wondering for listeners who may not be aware, can you just explain What that process involves, but also if you've got a restriction for a period of time, you know,

what impact will that have on the role that you've just described you'll be doing here.

Rachel: The restrictions are in place for very good reasons, actually, on senior civil servants and indeed on politicians when they leave public life and when they go into the private sector. The objective of those restrictions is to make sure that people in my position are not using relationships or indeed even information that you might have gained in your public life to give a company an unfair advantage in the way that you can lobby and have access into government. So I think those rules are in place for a really good reason. I do not see my role in Octopus as going and lobbying government to protect Octopus’ commercial interests. And that is a conversation that Greg and I had and something we cleared - we got clarity and alignment on - very, very early.

I see my role as helping Octopus to help Government achieve its goals. So yes I mean it does place restrictions. I can't just phone up people that I know and suggest going down the pub and having a bit of a chat, but what I'm hoping, and indeed I've received some indication of already is that regulators and Government will actually continue to want to speak to Octopus as they do already to understand what the business is achieving, how it is innovating, where it's investing and to bring the learning from that into the policy domain. And I think those restrictions don't get in the way of those conversations as long as its government effectively reaching out for that period.

Russell: Since the last podcast episode that we recorded for Inside Octopus, Octopus Energy has received a $200 million investment from Tokyo gas and that raised the valuation of the business to over $2.1 billion. We're now serving 1.9 million UK customers. And through the license - you know, our technology - 17 million accounts globally. I asked you this a little bit earlier, but I was wondering - what's it been like from the outside watching such huge growth since 2015, but also I'm keen to understand what the vision was that was sold to you in that conversation that you had with Greg?

Rachel: Yes, it's been really exciting to watch from outside challenger companies come in, thrive, grow and not just grow in terms of the number of customers, but to grow in the ambition and the innovation around the products and services that they're offering customers.

I think that the proposition isn't about becoming a really big energy retailer, the proposition, which excites me and is why I'm taking up this role is that you've got a company that now partly because of its size, has got a voice, has got a seat at the table - and is willing not just to come along and help shape the pathway to a green energy system, but is also willing to put his money where its mouth is and invest in new products and services that help us all live greener lives. That's the really exciting proposition. I mean, I spent a long time in OFGEM watching the six incumbent energy retailers retain their position at the top of the market share league table. And that looked very static for a very long period of time. So yes it's exciting to see the dynamism and to see a new set of big energy retailers, and a new list of names, but actually what's exciting isn't the change of name for me, and I don't think for anyone at Octopus. What's exciting is what companies like Octopus Energy stand for, which is treating customers fairly, and not luring them in with what Greg coined as the Tease and Squeeze strategy, and a commitment actually to really be part of driving a green agenda. And I think that it’s very exciting and something I want to be part of.

Russell: Rachel, before we finish. I thought it'd be good to just fire a few more questions at you so that we can get to know a little bit more about you, if that's okay, and the way you think. So I've got a few here that there's an easy one to start with. What was the last book you read and seen as we're doing a recording, a podcast, the last podcast that you did?

Rachel: Yeah - podcast - I'm revealing my age here, but I'm a massive fan of - fortunately the Fee and Jane podcast is two women remarkably of my age bracket, talking absolute nonsense and that they really make me laugh. And I think what everybody needs right now is to be cheered up and to see the funny side of life. So that's a big favorite of mine.

I'm also a massive reader of fiction. I think in the last few months, I've read over a dozen novels. Most of them are fairly light and in the kind of entertaining escapism mode. But the most recent was a Japanese novel called Pachinko, which is about Korean immigrants in Japan and traces the history of a family through the last few decades and is really entertaining and just kind of a window into a different world and a different subculture as well.

Russell: Great. Superb answer. You've obviously clearly had an amazing career so far. What sacrifices have you made to achieve your success? Yeah. I mean, I certainly wouldn't get violin out cause I've not made major sacrifices, but you know, one reflection I have and one regret I have actually is that, I mean I've got children - they're young adults now, I did not spend as much time with them when they were little actually as I would have liked to, and I did that to further my career. And actually my regret is that I didn't push back enough because fast forward 10, 15 years. I think we are in a world where most companies or at least any right thinking company is trying to be family friendly - is introducing flexible working arrangements and actually recognizes that it isn't important what hours of the day you're at your desk but what matters is what you achieve. And I think I could have achieved just as much, if not more, whilst having more time with my kids and being there occasionally when they came home from school. So yeah that's one of my reflections.

Russell: Yeah. I agree with you on that one. I used to be out the door at 6:30 in the morning and not back till seven, eight o'clock at night and yeah, totally unnecessary really when you think about it. You're making a pretty big change in your career. Would you class yourself as a risk taker In general?

Rachel: Yeah, I mean, if you look at my CV, I mean, before going to OFWAT I had two stints in the same organization for over a decade, so that doesn't necessarily suggest that I am actually particularly open to risk. But again, I think it is something that as I've got older, actually, I've become more conscious of wanting to make career choices that allow me to make a difference to society. I guess, as I got older as well, I'm perhaps in a little bit more of a position to take risks, you know. I've not got the same responsibilities in terms of supporting a family, for example, as I did a decade ago. So instead of revealing to myself almost what my risk appetite is, it's definitely changing.

Russell: And just sort of picking up on some of the things you've talked about. I mean, is there anyone that inspires you, be that inside or outside the workplace.

Rachel: I mean, when I was quite a bit younger, I lived in Southern Africa for over a decade and actually moved there in 1994, which happens to be the year that they had the first democratic elections in South Africa.

So I saw firsthand actually, what a big idea - the idea of a multi-cultural multi-ethnic society that the ANC and Nelson Mandela had, how that really set the whole country alight and gave it hope and helped to build bridges over tensions that had been in place for over a century. And actually, of course, somebody like Nelson Mandela inspires many, many people but actually what really inspired me was actually seeing how that big idea affected individuals and their relationships with others, and gave people hope and spurred them on to creating a better country. So there's been, there's a lot there, I think, to draw on, particularly as you're trying to bring about really big change, like we are with net zero and you don't know actually how you're going to get there.

Russell: Yeah. That's fantastic that you've taken that with you on your journey through your own career. I think that's great. And what about the best piece of advice that you've ever been given for your, for your career?

Rachel: I mean, again, it's a slightly trite a piece of advice, but there's just something about following your heart, doing what matters to you, what interests you as being how you're going to get fulfillment, where are you going to draw your energy from, and what's going to keep you, what's going to keep you going.

I remember having a coach again about a decade ago who spent some time with me helping me figure out what was really important to me. And I remember at the time, I think, God, this is just a bit of a waste of time isn't it? This guy's earning money from old rope. And actually again, quite humblingly, that is one exercise that has really stuck with me. And it’s a piece of advice I'd give and have given to many people.

Russell: Final question for you, Rachel. And we asked this to Stuart Jackson, our CFO, and co-founder on a previous episode too so I'm keen to learn from you. And we've talked about this. You spent time - It was 11 years - I think I've got this right - at PWC, 15 years at OFGEM, those last three years, a CEO of OFWAT. So a huge amount of experience. What have you learned personally in that time? And is there anything that still keeps you up at night.

Rachel: I've learned time and time again? Having the right answer doesn't always mean that you get your own way and you need to take people with you, you know. That hearts and minds piece is so important, you know, whether you're leading a team of people within your organization or whether you're trying to make a big change across a complicated system, like the energy system or the water industry, you've got to take people with you. And quite often, battles are lost in one, very early on because of that hearts and minds piece. And I've been on the losing end of that a few times, and it's really taught me the importance of the fact that the work we do can't just be intellectual - can't just be about thinking, it needs to be about listening and understanding where other people are coming from and engaging with them.

Russell: Tremendous. It's been great to get to know you and understand a bit more about the role that you're gonna be doing here at Octopus Energy. So good luck with that, but for now, Rachel Fletcher, thank you so much for joining us. As always. If you've got any comments on anything that Rachel has talked about today, please do get in touch via the website@octopus.energy or via the usual social channels, but for now, from me, Russell Goldsmith, thanks for listening and goodbye.