

green energy

www.greenenergyuk.com



This year sees Green Energy reach its 15th birthday. In our early years, the energy we bought and the technology our generators deployed was described as leading edge and the interest was substantial. But over the years, what we do has become more mainstream and that means the energy we buy is less of a story; it is no less important but there is certainly less interest from the broadcast and print media. Sadly in the age of austerity, all they want to know about is price.

We have stuck to our values as a customer owned company and have concentrated on being competitive; but also on being here next year to look after and live up to the promises we made this year. Value with values we call it.

We have also made it our strategy to grow within our cash constraints and concentrate on quality.

There are 'challenger brands', as the larger independents are want to be labelled,

increasing their customer numbers but making very little return, if at all, and using upfront Direct Debit Payments to fund the cash flow; in that context we believe our 'small is beautiful' business model has some serious benefits not least of which, we invoice you in arrears.

By focusing on our long term goals of providing value with values, we can deliver on our promises, we can manage our growth without affecting our levels of service and we can make sure we are here tomorrow to answer for today.

Too much emphasis is on getting bigger quicker. If we don't like the Big 6 why would we enjoy life more under a Big 10? That's not what we are about.

The CMA is still to pronounce fully on the market but what is clear from all the preliminaries is that the regulatory interference in trying to simplify tariffs has failed.

We have never had a plethora of tariffs. We have three simple tariffs Tap, Still and Sparkling and one simple gas tariff. Simple, straight, easy values; that's what we are about.



Small is beautiful!

We are a small supplier, I'm guessing by our very nature as a niche green supplier that's destined to be our lot in life for the foreseeable future. That doesn't mean we can't make a difference, or have influence it's just a matter of the business model we operate to ensure we can deliver on a strong service promise and that we can communicate with our customers on a personal basis. Our biggest challenge as we grow is maintaining a personal service to our customers and that small company feel.

But communication is a two way process and we welcome feedback from our customers and act upon it.

We have made some significant changes to the business over recent years and much of this has been as a result of customer suggestion and feedback.

The most significant is the introduction of gas into our portfolio. At the time of introduction we said we would keep a watching brief on the green gas market and there is more on that on subsequent pages.

We have additionally increased the transparency of our operations and each individual's customer comments and dialogue is posted in their respective private customer area on our website.

Add to that our consultation over whether we should fight to keep our share scheme with Ofgem (which we did and we succeeded) and we have had some significant dialogue with you our customers over the months.

Customer clarification on green gas

Now I think we handle communication quite well but there are times when we get it wrong or overlook something and in our most recent communication it appears we did just that.

A few people suggested that I'd assumed you would know what green gas was, or that I should have explained more about it in our recent communication about reducing our prices and the introduction of green gas. So, apologies and I'll try to put that right here.

I guess it's always a compromise between getting enough detail into any communication and making it readable and not over long.

But I take the point and with a little more space here, I will try to set the record straight.

Green gas, or biogas, is sourced from processes like Anaerobic Digestion (AD), where waste that would otherwise leak methane (a gas 20 times more potent than CO₂) into the atmosphere is processed into biogas to be used as fuel.

We have bought electricity from the AD process for a long time on the electricity side. Forgive me if I'm repeating myself: - Bacteria is added to an organic feed stock (for instance a mixture of animal slurry and vegetation), this process releases a biogas which is collected and in electricity production, is burned to heat water and turn turbines, and the waste

heat is put to good use like pasteurising the 'digestate' so it can be used as fertiliser.

The gas side of things is still a fledgling technology, but rather than the gas being burned to produce electricity, it goes through a process called 'scrubbing'. This ensures that it has the same 'compressibility' as the natural gas in the grid, and is odourless. It can then be injected into the grid having made sure it is of the same calorific value (& pressure) as the gas already in the grid.

Like electricity, green gas isn't delivered directly to your home, but by us being responsible for the gas our customers consume, we put it into the grid on your behalf thus greening up the grid.

Behind the scenes, all of our gas will come with a Renewable Gas Guarantee of Origin (RGGO) under this independent scheme www.greengas.org.uk

So that's a quick explanation of green gas, which I hope helps.

Changes to the market and our hedge

I was encouraged by the feedback we received about the effect the cocktail of the threatened price freeze and our hedging strategy, had on our ability to take full advantage of falling wholesale prices. It's nice to know that when we are honest and open it's appreciated and the emails and letters acknowledging the complexity of the market were gratefully received, thank you all for taking the time to write.



Greenest Government Ever

Depending on your view, you could say politics has been interesting over the last two years or so. It has certainly kept us on our toes. Ofgem's referral of the energy market to the Competition and Markets Authority (CMA), the Labour Party's price freeze, changes to the climate change levy (CCL), the slashing of Feed in Tariff (FIT) rates for new entrants, have all changed the energy landscape over recent years.

While these are all challenges to us as an energy supplier and the outcome of all these interventions is usually a greater administrative burden, it does suggest that the cross party consensus on being green is falling apart

just at the time when the world seemed to be getting to some sort of agreement at the climate meeting in Paris. As an aside someone asked me what COP21 was supposed to mean. It stands for 21st Session of the Conference of the Parties (COP21); it's hard to believe it's the 21st meeting!

Ironically, agreement or discord both increase the profile of the green agenda, but it was agreement that was achieved on a number of issues, so let's hope we can move the game forward.





Technology

I started by saying the technology employed is no longer of interest to broadcast and print media but it's important to us and our green credentials

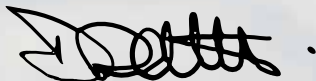
We've talked a bit about Anaerobic Digestion in this newsletter and I'm sure you are all sick of me mentioning Pig poo. So as a company we've added digesters that use Cow Poo.

Which at least keeps my children amused.

But this isn't any old poo its Aberdeen Angus poo, so its good quality!

Woodside Farm has been in the same family for nearly 100 years and is currently being farmed by the 4th generation of Rhinds. As well as the 130 Aberdeen Angus cows that fuel the AD plant they farm over 200 acres of seed potatoes, grow barley for malting and have 600 free range hens laying eggs that you can buy in their farm shop along with everything else reared and grown on the farm, if you're ever in the north of Scotland.

Thanks for reading,



Douglas Stewart

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Green Energy (UK) plc, Black Swan House,
23 Baldock Street, Ware. SG12 9DH

0800 783 8851

hello@greenenergyuk.com

www.greenenergyuk.com