

Introducing Energy Efficiency into Energy Provider business models

Martin Orrill – British Gas New Energy

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About us

- Provide energy and services to half of all UK households
- 1m business customers – No.1 for SME gas and electricity
- The biggest engineer fleet in the country - 9,000 engineers
- UK's only national electrician and plumbing business
- Over 120,000 boiler installations a year
- Leading the roll-out of Smart meters to homes and businesses
- Leading on sustainability - transition to low carbon homes/businesses
- Unique support to vulnerable customers – tariffs, insulation
- Strategic partnerships with Nectar, Sainsbury's and British Swimming

Every day we deliver a broad range of products to our 12m residential customers

Security

Gas & electricity

Central heating & boiler care

Plumbing and Drains care

Electrical & appliance care

Smart metering

Energy efficiency:

- Microgen/Solar /Insulation



...we also offer a range of energy efficiency services



High efficiency boilers



Home energy assessment



Energy saving products



Loft & cavity wall insulation



Microgen power

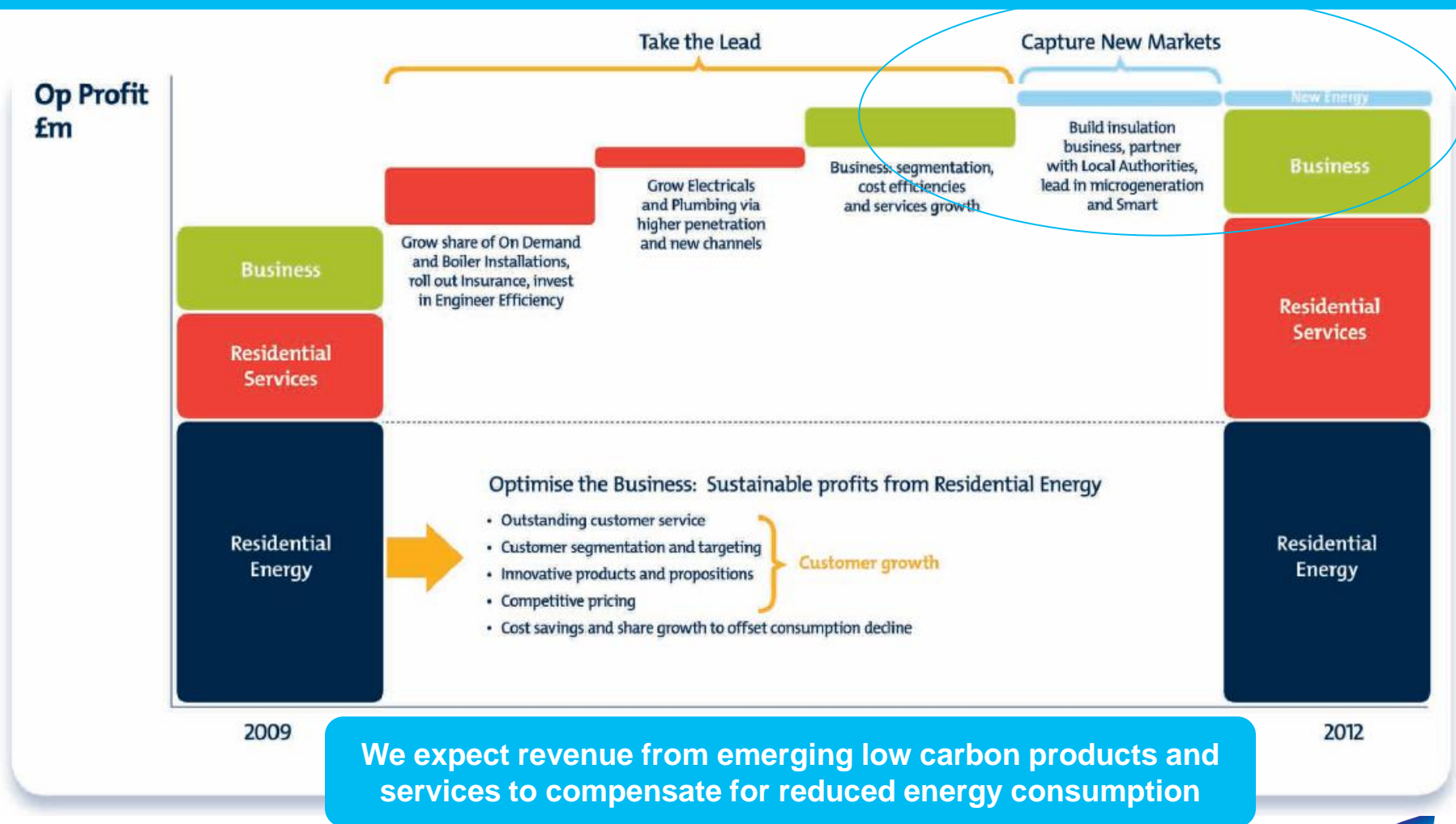


EV charging units



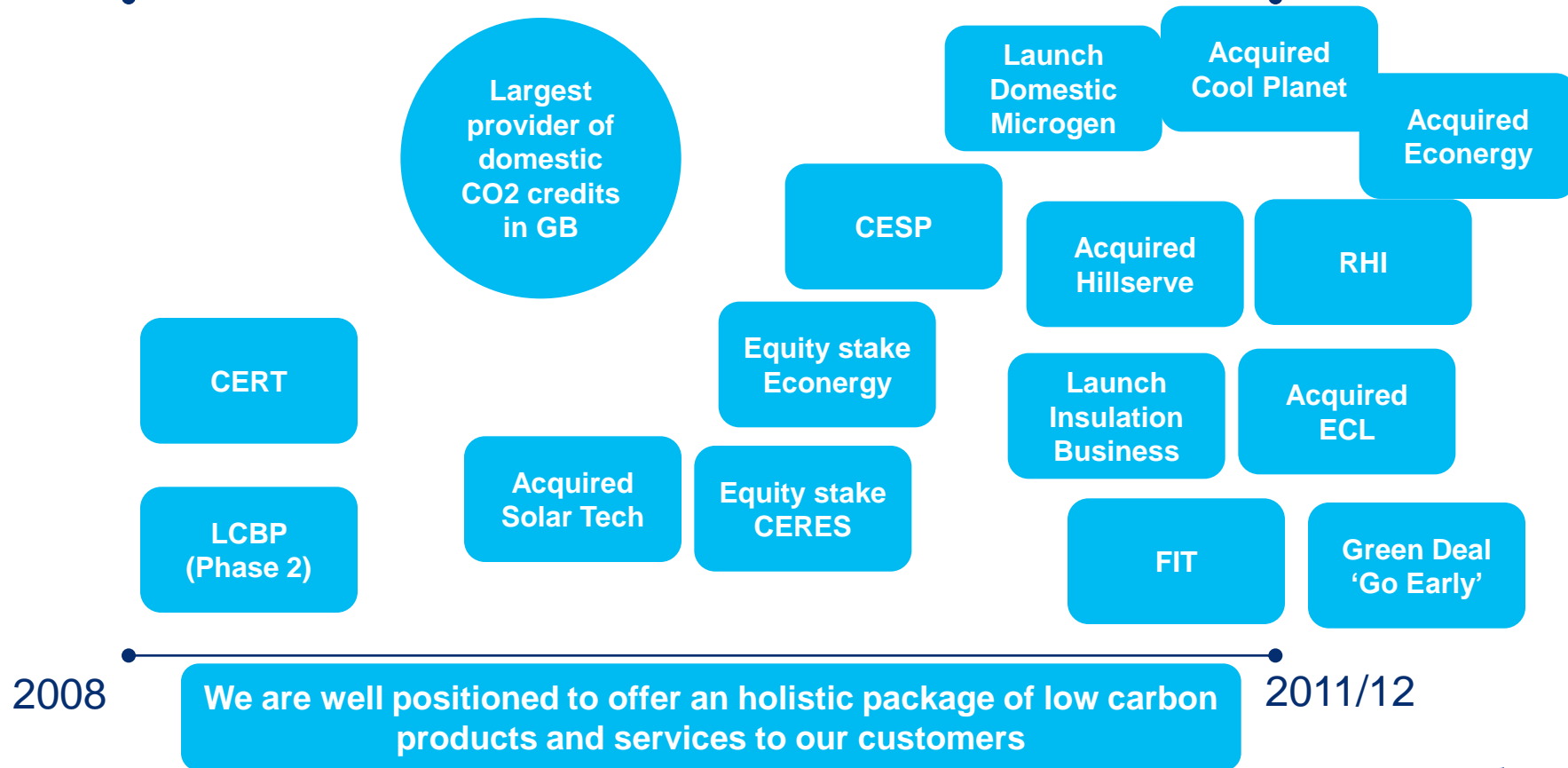
Smart meters

New Energy is a key element of the British Gas growth strategy



We have built our capabilities to play a leading role in the low carbon sector

Significant increase in carbon policies which will underpin the growth of low carbon technologies



New Energy has been on a significant growth trajectory and this will continue in 2012

2009

Revenue = £12m

- Home assessments = 34k
- Insulation Installs = 0
- Microgen Installs = 100

Energy Experts

Some capability

Insulation

No capability

Microgeneration

Limited to commercial



Q1 2010

Branded fleet on the road



Q2&3 2010

PV for schools launched



2010

Revenue = £55m

- Home assessments = 140k
- Insulation Installs = 52k
- Microgen Installs = 430

2011 target

Revenue = £146m

- Home assessments = 362k
- Insulation Installs = 170k
- Microgen Installs = 3.3k



National rollout complete with automated pen tablet



Hillserve acquired



12 Insulation depots launched

ECL acquired

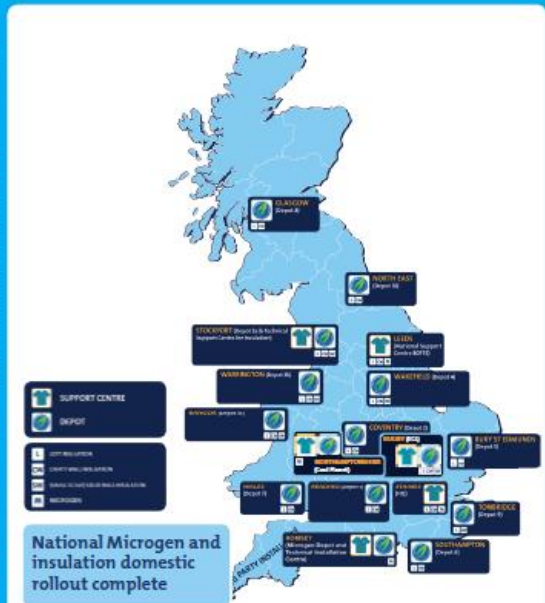
Domestic Microgen launched



Solar PV financed proposition launched



Cool Planet acquired



CERT – Carbon Emission Reduction Programme

- British Gas accounts for 33% of the total CERT obligation (delivered by BGNE)
- CERT is a £1bn p/a programme (total industry spend), with 40% targeted at vulnerable groups (means tested and disability benefits and over 70's)
- CERT has provided significant opportunities for BG
 - cost effective compliance gives a cost advantage for BG
 - CERT partnerships have created opportunities for other parts of Centrica
- CERT has been extended until Dec 2012 – greater emphasis on installed insulation (key risk for British Gas)

CERT is a 3 year obligation on energy suppliers to reduce domestic household energy consumption by offering a variety of energy efficiency products and services – Insulation accounts for over 50% of the scheme

Charity Partnerships



HELP THE AGED WE WILL™

Local Authority Partnerships



Council Tax

Over **250** partnerships with Local Authorities and Housing Associations

New Innovation P&G



Retail schemes

SONY



in partnership with



Over **100m** Energy Efficiency products subsidised in **5 years**

CESP – Community Energy Saving Programme

- Collectively British Gas has 32% of the total CESP obligation (delivered by BGNE)
- We secured contracts to deliver the obligations for other energy suppliers which increased our share of CESP from 19 – 32%
- First CESP project launched in Walsall was positively received across Government, key stakeholders and within the community
- Anticipated value of CESP over the next 3 years is estimated around £100m
- Significant opportunities for BGNE – Solid wall insulation, BGCE - heating)

CESP is designed to improve the energy efficiency of communities in the lowest 10% income deciles in GB, offering a range of solutions such as solid wall insulation, heating systems and low carbon products



Before



After

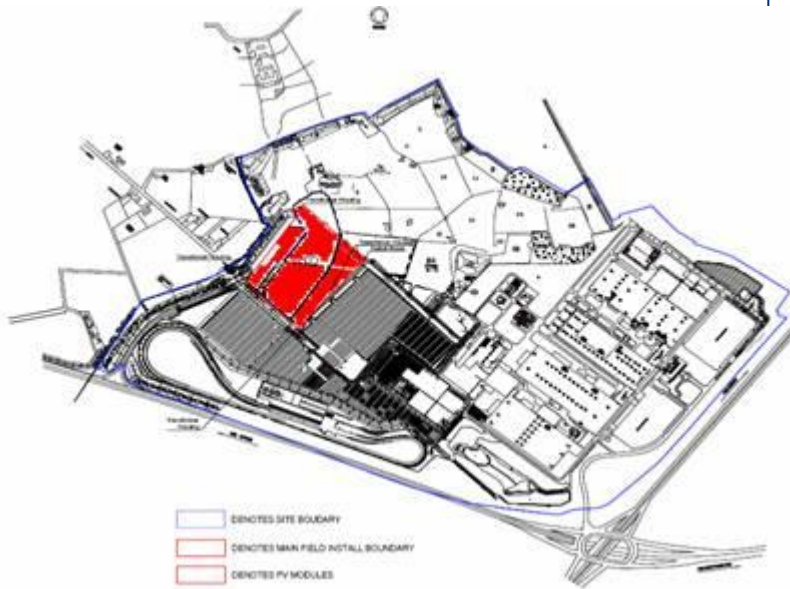


British Gas Solar



BGNE has delivered a landmark solar installation for Toyota - the largest in the UK

4.1 MWp MAIN INSTALLATION



0.2 MWp SHOWCASE

4 Building Integrated Showcase installations at front of plant
ground mounted Solar glass Brise soleil



Green light for giant solar park at Toyota's Burnaston car plant



Interest grows in being one of the largest solar parks in the country as its main installation plant have been given the green light to proceed.

The car giant has been given permission to install 4.1 MWp of the photovoltaic power plant on its Burnaston site.

The 11.5 million square feet will generate 4.1 megawatts per hour and will save 2,000 tonnes of carbon dioxide over its 25-year lifetime.

The manufacturer said that the solar plant would be a 'game-changer' in its 'low-carbon economy' and that it would enable the company to 'reduce its carbon footprint'.

The plant will also be a 'game-changer' in the way it generates power, as it will be the first of its kind in the UK.

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Solar charging of electric vehicle (public tour train, Toyota plug in hybrid)



Business model overview

Investment	£12 million	Period	25 year land lease
Feed in tariff	29.3p / kwh	CO ₂ saving	2,000 tonnes per year
Solar Energy	5% of site energy (18MWh/day) energy used by Toyota		
Employee	Discounted home solar panels and insulation – Free energy saving packs		

The Renewable Heat Team now deliver the capability to sell design install and maintain Renewable Heating for British Gas.....

The Renewable Heating sector is on the verge of market transformation in the UK partly driven by an incentive mechanism but also assisted by the cost of carbon, legislation, planning regulations and changing consumer behaviour



Heat pump capability development

- British Gas can now install Ground and Air source Heat pumps to commercial, social housing and residential customers
- Cool Planet provide market leading capability in Heat pump design
- Example installations include the ASDA Eco store and the BASF Eco house



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Biomass capability development

- British Gas can now install biomass boiler installations to commercial, social housing and residential customers
- Econergy are the current market leaders in wood fuel heating
- Example installations include 9 Tower blocks in Barnsley and 91 homes in Shropshire



British Gas

“British Gas has become an energy services company that offers energy, no longer an energy company that also offers energy services”

Sam Laidlaw, Chief Executive, Centrica

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