



Power to the people

The South West can already claim to be a world leader in renewable energy. **Jim Rosseinsky** reports on a firm leading the way

Alongside the world's first Wave Hub off the North Cornwall coast, the south west is home to a clutch of the planet's most respected wind energy companies as well as the pioneers of the ground pumps which extract heat locked a few feet down in the earth.

Many factors have combined to make the region a global force in renewables. Outstanding natural resources in terms of land, wind and waves; an attractive lifestyle which has helped lure top people to set up groundbreaking companies and projects; and an independent spirit, a willingness to take risks, try something new and not follow the crowd, which has established the West as a place where innovators flourish.

All three of these ingredients are embodied in one of the region's best-known and most highly-respected renewable energy companies.

Wiltshire-based Good Energy, the UK's only 100 per cent renewable electricity supplier, has its biggest power station at Delabole in Cornwall where the winds rushing in from the Atlantic turn giant turbine blades.

Its management team has experience at the highest level in the global energy and finance industries. The company's

senior executives have served as board members at the likes of Land Rover, SWEB, NatWest, Zurich Financial Services, and as governmental advisers.

But the determination to take the initiative rather than wait for someone else was the driving force behind the creation of the company and has become its defining characteristic.

In fact the company's chief executive and co-founder Juliet Davenport must have been tempted to make the phrase "if a job's worth doing it's worth doing yourself" Good Energy's motto. Juliet was inspired by her exasperation at the lack of progress in terms of mass renewable energy supply while working on energy policy for the European Commission and the European Parliament.

She said: "Although the debate was good, nothing really happened. What I felt at that point was it's all very well writing reports for Governments but we actually need to start doing something practical.

"Politically, governments tend to do what they think voters want, so they were waiting for a sign that the electorate was prepared to start tackling climate change. But voters expect governments to solve climate change - if you ask someone in the street they'll say the Government

"Good Energy's unique appeal in the crowded and competitive energy marketplace is that for every unit of electricity bought by its customers it generates or buys in a unit of renewable electricity."

should sort it out.

"It's a Catch-22 - so it was my view that you have to do something that engaged users and consumers of energy in doing something practically. And an electricity company where you buy your power from an alternative source was the first step."

Good Energy started trading in 1999 - 10 years later it has more than 25,000 customers and a turnover rapidly approaching £20 million and a host of ethical, environmental and mainstream business awards including a West Business of the Year 2009 award. Good Energy's unique appeal in the crowded and competitive energy marketplace is that for every unit of electricity bought by its customers it generates or buys in a unit of renewable electricity.

Its customers pay slightly more compared with the cheapest deals available but in exchange they have the peace of mind of knowing that they are helping to finance and promote further green electricity production. Because Good Energy reinvests the premium it charges consumers by paying an incentive to people generating their own renewable electricity at home - a forerunner of the feed-in tariff that the Government is in the process of introducing. »

RENEWABLE ENERGY

The feed-in tariff will pay people who produce their own electricity several pence per unit, making the payback time for the initial investment in small-scale wind or water turbines or solar panels much shorter. Good Energy currently pays 15 pence for every unit of electricity its home generators produce – the first deal of its kind.

It is this kind of ethical innovation which has established Good Energy's reputation with its customers, won plaudits from environmental groups such as Friends of the Earth and attracted high profile business clients such as Hugh Fearnley-Whittingstall's River Cottage.

While justifiably proud of an ethical public image that most companies would die for, Juliet Davenport realises Good Energy cannot trade on reputation alone – it has to keep coming up with fresh ideas. Particularly as the credit crisis has put the brakes on the rapid growth of its customer base and its larger rivals – including the giant multi-national energy companies that dominate the power supply markets in Europe – have also woken up to the growing popularity of clean energy.

Juliet said: "What's really important is that we continue to pioneer. There are so many things to fix in the UK, there is an infinite list of potential innovations that we can continue to do. Some of those are just related to electricity but we're also looking at other possibilities in a wider utility sense. We've already expanded into gas and we may look at other things."

The company's latest innovation is a "green gas" tariff – selling fossil-fuel produced gas at a premium that allows them to pay rewards to people who generate their own heat at home from solar hot water panels, just as the electricity pricing structure supports home electricity generation.

"We can't actually supply biogas (gas produced from treated waste) at the moment. But United Utilities is carrying out a pilot project to pump biogas into the gas grid by 2012 and use that as a source of energy. We are looking at whether we could create a market for that."

Among the many ways Good Energy is leading change the energy marketplace do business is by putting their customers back in touch with where their electricity comes from. It does this by telling the stories of

the resourceful businesses, entrepreneurs and communities who have found that by choosing the right site and investing wisely, it can make financial sense to set up your own wind farm.

"In order to survive we have to make sure our customers feel part of a club. We have to give them information about what's going on in the energy world, and provide good advice about what to do if you want to generate your own energy.

"We do keep an eye on what everyone else is doing – but our experience is that once people become our customers they want to stay customers.

"And we tell the stories of the people who generate energy for us – because that might be interesting for people who want to set up their own wind farm.

"One example is the Westmill wind farm, near Swindon – this is a community-owned wind farm belonging to 1,500 local shareholders.

"We also buy electricity from three turbines in Scotland at an ice cream

“There is an infinite list of potential innovations that we can continue to do. Some of those are just related to electricity but we’re also looking at other possibilities in a wider utility sense.”

factory. They originally built a turbine to power the site but they've since put in an extra two that we take power from.

"Like many of the people we buy from, their electricity generating operation is semi-commercial in that it may not be their main business – we help them by providing a marketplace."

The role of a small, nimble and highly creative rival to the big guns of the energy industry is clearly one Juliet relishes.

She said: "One of the reasons I feel we can keep innovating is that the UK is so far behind and there is so much to do.

Looking ahead, she is optimistic both that the UK can make great strides towards its targets and that Good Energy can play an important role in the journey – provided the Government gets serious about a regulatory framework that will encourage green energy supply.

She said: "There have traditionally been three barriers to renewable energy in this country: the financial system, the grid infrastructure and »

HQ: Firm's head office



RENEWABLE ENERGY



FEEL THE FORCE: Clean energy

the planning system.

“Thanks to the feed-in tariff we’ve now got a financial system where we can build renewables but the banks aren’t lending so we are going to see a hiatus in new build.

“We need the infrastructure to take the power from where we generate it to where we use it – so we need big improvements to the grid.

“In the South West we have good grid connections but if we increase capacity with the Wave Hub and big offshore wind schemes we will need to upgrade the network to take that power.

“But the single biggest issue for renewables in the UK is the planning system, which the Government hasn’t grasped the nettle on. Countries like Germany, Austria or Denmark have a much better system.

“I think people who are pro wind power haven’t stood up and said it at a local level and they haven’t been asked to, to be fair.

“That’s part of our job at Good Energy to really do something about that. There are a lot of people who do like wind farms – it’s about having a proper democratic debate with them. The planning system at the moment isn’t a proper debate – it favours people who campaign.”

Another challenge facing Good Energy is how to fund its own growth. Again, the company’s founder isn’t content to beat the tried and tested path.

Juliet said: “If you want to grow a company you’re normally looking for an exit route. There aren’t many routes to set up a company and try to grow it over time - the way we’ve set up our markets does not encourage that. I think that’s why



“I think people who are pro wind power haven’t stood up and said it at a local level and they haven’t been asked to, to be fair.”

(drinks maker) Innocent has a £30 million stake from Coca Cola, and Green & Blacks were sold out to Cadbury. We often ask ourselves - how do we finance ourselves going forward without selling out? It’s not easy – we haven’t found the solution yet.

So in terms of Good Energy’s own development, Juliet Davenport is looking to cast aside the old mould, something she makes a habit of. In the 1990s she was a fairly rare female high-flier in a traditionally male-dominated industry. And this year she has been working with a big new challenge of her own – in February she gave birth to her first child, which has meant a few changes to how she goes about running a listed company.

She said: I’ve been in contact throughout the whole pregnancy. I’m back at work now – I started with three or four days a week and working from home.

“One thing that is very different is that it is more difficult to go to external meetings – but you just have to prioritise in a different way, I feel pretty back up to speed now after six months.

“Going on maternity leave has been good because it has allowed me to let go and see what happens. This was a bigger way of me going on holiday – it’s been a very good mechanism in that way.”

Whatever way Good Energy copes with the triple challenge of competing with some of Europe’s biggest companies, helping its generators to navigate the labyrinth of the UK planning system and expanding as a company while staying in charge of its own destiny, it’s a fairly safe bet that – in the spirit of so many of the companies which are making the South West a hotbed of the green technology innovation – it won’t be following anyone else’s template.

Juliet said: “The South West has always been a great area for innovation. There has always been a thriving renewables industry in this region.”

And with companies like Good Energy in the vanguard, it looks like there’ll be a thriving renewables industry in the South West for some time to come.

For related stories go to Retail under Sector Analysis on:
www.southwestbusiness.co.uk