

Good Energy Environmental report 2004

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Introduction

Good Energy's strategic aim is to keep the world a habitable place by cutting carbon dioxide (CO₂) emissions. In 2004, by switching to renewable electricity, Good Energy customers saved 25,200 tonnes of CO₂, which equates to not driving 70 million miles in a petrol car. Good Energy's growth year on year increased to 60%.

Ensuring the stable expansion of the renewable market in the UK is core to Good Energy's work. Over the past 12 years countries around the world have been establishing international treaties on Climate Change, including ways to ensure that governments agree to reduce their CO₂ emissions. But within this framework, society has changed very little. The average energy consumption of homes in the UK has increased by 10% between 2003 and 2004 even though the UK target for total CO₂ emissions is a 12% decrease from the 1990 figure by the year 2010.

As part of Good Energy's work to supply a user friendly renewable electricity product, it has also made significant efforts to provide accessible information about Climate Change and its impact. To achieve this we have been asking guest writers, who are experts in their fields, to write articles for our newsletter and website on the impact of Climate Change on everyday life.

In our core products, Good Energy continues to support one renewable supply product, our 100% renewable electricity, sourced from wind, small-scale hydro and solar power. We have also decided to include certain types of plant based biomass in the future. At the moment we are defining an environmental standard for this type of power. On wave and tidal power we have a watching brief and hope to become involved in this market as soon as it is feasible.

This year we launched our Home Generation product, which all of us at Good Energy are really proud of. It provides a simple way for homes and businesses to connect their small scale renewable generator to the grid and be paid for all its output. We hope to improve and develop this product in 2005.

Monkton Group PLC, the parent company of Good Energy and Monkton Generation, issued its second share offer in July 2004. The share offer included a discounted share price for all existing shareholders and customers of Good Energy. Over 1,100 Good Energy customers are now shareholders in Monkton Group PLC. The share offer raised significant capital; it is planned to invest this capital in new renewable generation in 2005.



Juliet Davenport, Chief Executive
Good Energy

At Good Energy we are now working on our own CO₂ strategy, particularly in relation to transport. We hope throughout 2005 to find ways to reduce our corporate CO₂ emissions further and encourage our employees to do the same.

For 2005 Good Energy aims to continue to be at the forefront of the renewable energy market in the UK. We hope to inspire more individuals and businesses to make a difference with their own energy strategies and to consider their own environmental impacts. We want Good Energy to develop and deliver more renewable based products that will help these groups to really become part of the ongoing solution for Climate Change.

We have published this report so that all our stakeholders are able to see what Good Energy has been doing in 2004 and understand our targets and aims for the future. We hope you find the report informative and helpful. In addition to providing a product with environmental benefits we are committed to continually improving Good Energy's own environmental performance.

A handwritten signature in black ink, appearing to read 'Juliet Davenport', with a stylized flourish at the end.

Juliet Davenport
Chief Executive
Good Energy

The bigger picture

Climate Change is a world wide threat with far reaching environmental, social, financial and political effects. CO₂ emissions contribute to Climate Change and conventional power stations are the biggest source of CO₂ emissions, accounting for around one third. The generation of renewable electricity does not directly result in any harmful by-products.

The impact of Climate Change

Abroad and at home, 2004 proved to be a year of unusual weather extremes. As well as the environmental cost these events had huge social, economic and political consequences.

2004 brought four major events in the US hurricane season, inflicting more damage on the United States than any other storm season in history. At the same time Japan was hit by an unprecedented amount of typhoons and Bangladesh suffered severe flooding, a situation that looks set to continue and worsen.

According to preliminary Swiss Re *sigma* estimates, in 2004 around 300 natural and man-made catastrophes around the world claimed the lives of more than 21,000 people. The catastrophes caused overall economic losses of about USD 105 billion worldwide. Property insurers will bear USD 42 billion of the total losses.* About 95% of claims were attributable to natural catastrophes, the majority of which were weather related.

Though the earth's climate is always changing, scientists are now confident that the changes we've seen over recent years are mainly as a result of human behaviour, rather than natural changes in the atmosphere. The term used to refer to this is Climate Change.

It is in this context that Sir David King the government's chief science adviser, has announced that 'Climate Change is the most severe problem we are facing today, more serious even than the threat of terrorism.'

What causes Climate Change?

Energy from the sun heats the earth's surface and in turn like any object that is heated, the earth radiates heat energy back into space. Atmospheric greenhouse gases – water vapour, CO₂, methane and other gases trap some of this outgoing heat energy, retaining heat in the atmosphere like a blanket around the earth or the effect felt in a greenhouse.

Without this natural 'greenhouse effect', temperatures would be much lower than they are now and it is indeed due to greenhouse gases in our

And in the future

- The burning of fossil fuels could melt Greenland's ice sheets, a process already underway and which could increase sea levels as much as 23 feet. The die could be cast for the melting by 2050. (www.nature.com)
- Climate Change could cut China's grain harvest by up to 37 per cent forcing its 1.3 billion people to import more food. (Chinese and UK governments www.defra.co.uk)
- Hurricanes will increase in intensity some 21% as the Earth warms. (www.gfdl.noaa.gov)

A few facts on Climate Change

- The global average surface temperature has increased 0.6°C over the 20th century.
- The 20th century's 10 warmest years all occurred in the last 15 years of the century.
- Global snow cover has decreased by around 10% since the late 1960s.
- The global average sea level rose between 10 and 20 centimetres during the 20th century.
- The Intergovernmental Panel on Climate Change predicts that global average temperature this century will rise between 1.4 and 5.8°C – the greatest rise rate for 10,000 years. This will mean that the Climate Change that we have seen so far is small compared to what is likely in the 21st century.

*Figures estimated before Asia quake disaster, December 2004.

atmosphere that the earth's average temperature is more hospitable. However, an excess of greenhouse gases can cause problems.

Since the beginning of the Industrial Revolution, atmospheric concentrations of CO₂ have increased nearly 30%, methane concentrations have more than doubled, and nitrous oxide concentrations have risen by about 15%. These increases have enhanced the natural greenhouse effect and made the atmosphere more efficient at trapping heat from the sun.

Who is responsible for Climate Change?

Climate Change is a global problem, and the environment is a public good. Each individual, business and government that uses energy in any way, whether directly or indirectly, needs to take responsibility. What is clear is that the likely impacts are going to be greater proportionally for those areas of the world which currently have the lowest impact on Climate Change.

The ultimate responsibility for Climate Change impacts will most likely be settled in court. This has already begun to happen in the US. Attorney Generals from eight states and New York City filed a Climate Change lawsuit against the top five emitters of CO₂ emissions in the US. Although it is unlikely that the lawsuit will succeed, it highlights the potential use of the legal system for allocating costs related to Climate Change.

What can individuals do?

National and international targets to cut CO₂ emissions have been set by many governments around the world. But unless individuals stand up and be counted, these targets will not be reached and the effects of Climate Change will not be slowed and ultimately halted.

By taking personal responsibility Good Energy customers are helping to cut the effects of Climate Change both at home and abroad, and therefore help reduce the wider implications of the phenomenon, such as loss of infrastructure, loss of national GDP, environmental refugees, increase in urban poverty etc.

Good Energy estimates that the average household in the UK can save two tonnes of CO₂ emission a year by switching their electricity to a renewable supply. This should be one of the first, and easiest steps, for individuals to take to cut their impact on the environment.

Primary pollutant

CO₂ is the primary gas responsible for Climate Change, and conventional power stations are the biggest source of CO₂ emissions. Renewable electricity does not emit CO₂ during its generation and therefore switching to a renewable electricity supplier offers individuals an opportunity to cut their pollution and help reduce the impact of Climate Change by reducing the use of fossil fuels.

The polluters

- Collectively, industrialised countries are the earth's greatest polluters – with about 95% of fossil fuel burning occurring in the northern hemisphere.
- Industrialised countries produce about 10 times more CO₂ per head of population than poorer developing countries.
- UK households account for 25% of national CO₂ emissions with the average household pumping out six tonnes a year.
- Developed countries have a greater ability to adapt to Climate Change and lessen its effects than developing countries.

The vision

Good Energy's vision is to keep the world habitable by empowering individuals to reduce their environmental impact. Specifically, by providing a means by which people can cut their CO₂ pollution without changing their chosen lifestyle; thereby allowing as many people as possible to feel involved in delivering part of the solution to the threat of Climate Change.

Enabling environmental responsibility

In a complicated and cluttered market, Good Energy strives to offer trustworthy and easy to use products which have been created by listening to what people want.

We have worked closely with various independent organisations to promote transparency and traceability in the purchase of renewables.

With a mix of environmental and brand marketing experience, the Good Energy team is passionate about wanting to reduce the impact of Climate Change by educating people in its effects and delivering solutions that the consumer can employ. We are constantly learning about the consumer response to Climate Change and aim to do more research around this in 2005.

Educating and communicating

In addition to wishing to provide Good Energy customers with information on the far reaching effects of Climate Change, Good Energy aims to educate as wide a market as possible on the gravity of its threat. We do this through the website, quarterly newsletter, presentations, consultations, training, public relations, affinity partnerships and advertising. Where needed Good Energy will work with external experts to ensure balanced material is published.

During 2005 Good Energy will continue to deliver an awareness building programme aimed at reaching a greater number of people who previously may not be aware of the effects of Climate Change, whilst ensuring that those with an existing knowledge continue to develop it and recognise what they can do to help protect the environment.

To ensure we are on message we will continue to challenge our own perceptions, work with regulators such as the Advertising Standards Authority to ensure clear guidance on promoting green electricity and continue to train the Good Energy team in the latest market developments.

Good Energy aims to fulfil its vision by:

- Offering a simple and transparent service.
- Increasing public awareness of the threat of Climate Change and the capabilities of renewable electricity.
- Providing products in line with industry guidelines, which meet the highest environmental standards.



Good Energy newsletter

Developing and delivering

To help ensure the growth of renewables Good Energy sees developing a stable market as paramount. This means going above and beyond government recommended targets on renewable energy. We do this by retiring Renewable Obligation Certificates (ROCs) which in effect encourages greater investment into the market. In 2004 Good Energy became the first electricity supplier to retire ROCs.

Good Energy also recognises the importance of providing a platform for the development of new renewable generation sources. Not being a development company ourselves, we look to work with a wide range of renewable developers, from Proven Engineering Products Ltd, who specialise in small scale windfarms, to some of the larger developers. This ensures that the extra demand for renewable electricity created by our customers is met. In addition to this, during 2005 Monkton Group PLC, is looking for appropriate renewable generation sites to invest in.

Overall Good Energy will continue to talk and listen to consumers and develop more products aimed at allowing individuals to take responsibility and become involved in the renewables market as a way of reducing their impact on Climate Change.



Ronan White, aged two, at Whitewave Outdoor Centre, Isle of Skye. Whitewave is a Good Energy Home Generation customer. The 6kW wind turbine was installed by Proven Engineering Products Ltd.

Good Energy's products

Good Energy strives to offer the consumer different products to meet their desired level of involvement. The Good Energy offering is constantly under review to ensure that we are working with market demands to provide practical solutions. 2005 promises to be an exciting year with the prospect of interesting new products.

1. 100% renewable electricity supply

Good Energy's main product is the supply of 100% renewable electricity to household and business consumers in England, Wales and Scotland.

Good Energy guarantees that for every unit of electricity supplied to our customers, an equivalent unit is bought by Good Energy from renewable sources and supplied to the grid. We back these claims up each year by having an independent audit to verify the renewable supply.

In 2004, Good Energy's renewable electricity was generated from the clean and sustainable sources of wind, small-scale hydro and solar photovoltaics. The portfolio mix was as follows: wind power 78%, small-scale hydro power 21% and solar photovoltaics 1%.

We recognise the important part other technologies play in reducing carbon emissions from energy generation, and therefore support the continued research and development into alternative and newer technologies, such as biomass, wave, offshore wind power and tidal generation.

During 2005, Good Energy aims to include plant based biomass in the generation portfolio. It is important that the plant matter for electricity production is grown in a sustainable manner and Good Energy is currently working with experts to put a policy in place to ensure this. The policy will be published in 2005.

Good Energy's procurement policy

Good Energy believes that the conservation of biodiversity is fundamental in maintaining a habitable world.

Renewable technologies have an important role to play in reducing the adverse environmental impacts of energy supply. Good Energy does acknowledge however, that there are circumstances where renewable generators can be harmful to the natural environment.

Before Good Energy contracts with generators to purchase their renewable power, there are a number of key criteria of which we seek assurance from the generators, these include:



Good Energy generator case-studies Eliock Hydro

Eliock Hydro is situated in the town of Sanquhar in the Southern Uplands of Scotland. It gathers water for conversion into hydroelectric power from a number of small burns collecting run off from the surrounding moorland hills. The water is stored in a pond above the turbine house and then flows 115m downhill at a flow rate of about 650 litres per second. The scheme has an estimated output of 1,700MWh per year – enough to power about 400 average Good Energy homes.

Delabole

Delabole Wind Farm is owned by the Monkton Group PLC. The wind farm consists of ten 400kW Vestas turbines, giving a total rated capacity of 4MW. Based on production over the last 10 years, the average yearly generation is 10,000MWh, which is enough power to provide almost 2,500 average Good Energy customer homes with electricity.

- careful selection of generation site in accordance with planning regulations;
- environmental impact assessment of sound, visual and ecological effects;
- measures taken to reduce any environmental impact;
- small-scale hydro; assessing the water quality and flow and taking measures to reduce flood risk;
- the sensitive siting of wind turbines to minimise bird mortality.

Additionally Good Energy procures power via:

- actively seeking to purchase from small-scale generators thereby supporting the decentralised growth of the renewable generation market;
- purchasing power from companies with a strong environmental responsibility, who seek to minimise adverse environmental impacts.

Good Energy is always seeking to purchase renewable power in order to continue to expand our customer base and is currently in discussions with a number of potential generators for power procurement in 2005.

2. Home Generation

Good Energy is committed to expanding the micro-generation market and envisages significant increase in the use of small-scale wind, solar photovoltaics and micro-hydro schemes into households and businesses around the UK.

In May 2004, Good Energy officially launched its Home Generation scheme, a new product designed to help promote the use of micro-renewable power by paying small renewable generators a sustainable price for all of the power generated by their renewable installations.

At the end of 2004, Good Energy had 87 Home Generator customers, 20% of which were micro-wind and 80% of which were solar photovoltaics. Good Energy's target is to have a total of 400 Home Generators by the end of 2005.

Good Energy is using its experience of micro-generators to participate in industry steering groups. In 2004 Good Energy was present on a number of long-term advisory and research micro-generation groups including;

- the Department of Trade and Industry (DTI) investigation into metering and monitoring of domestic embedded generation;
- the British Wind Energy Association small systems focus group;
- DTI funded technical steering group for micro-generation solutions.

3. Community product

In 2005, Good Energy is hoping to launch a new community focused renewable product. This aims to benefit the communities where renewable generators have been installed.

Renewable generators

Mackies Ltd

A family owned dairy farm and ice-cream maker, in Aberdeenshire, has recently installed a 600kW wind turbine and has agreed to sell their surplus power to Good Energy.

Potential generators

The Peabody Trust

This London based charity specialising in community regeneration, is working on a number of sites which incorporate on-site renewable power generation. Good Energy is discussing the possible purchase of power from a housing site in London with three large photovoltaic arrays on the roof.

Energy4All

Is a company focused on delivering community owned renewable energy projects to expand the number of renewable energy co-operatives in the UK. Good Energy is discussing the purchase of power from a new community-owned wind project being developed in Oxfordshire.

Good Energy Home Generation case studies

Alan & Margaret Pinder

The Pinder's began generating their own renewable energy in December 2002 by installing 1.5kW solar photovoltaic panels on the roof of their Bristol home. 'We are concerned about the environmental damage caused by the energy we consume, so we do what we can to mitigate it. We see it as an ethical investment. Whilst the financial returns are not huge it is doing good and taking care of the environment as well. It makes sense to sell our electricity to a company that believes in renewable energy. It is very simple to do. All we do is read the meter occasionally and the rest takes care of itself.'

We hope that this product will inspire groups and individuals to take the lead and set up renewable generators in their own communities.

Already in 2004, Good Energy has actively been involved in setting up a number of renewable schemes.

An example includes working with Energy for Sustainable Development (ESD) on the redevelopment of Titanic Mill in Huddersfield. It is planned that the mill will be a zero carbon emissions building offering flats, workspace and leisure space. Good Energy has been advising on the commercial structure of the development which will be incorporating a large Combined Heat and Power (CHP) biomass boiler and a solar photovoltaic array on site.

Greenness and accreditation

In 2002, the Office of Gas and Electricity Markets (Ofgem) issued Guidelines on Green Supply. These guidelines listed the following features that it would like to see in the green supply offerings of an electricity supplier, namely transparency, additionality and verification.

Good Energy acknowledges the complexity of the renewable supply market and takes pride in meeting these requirements to offer a high quality renewable supply product.

Transparency

Good Energy's principle is to be open and transparent about all of our operations. Each year we publish a voluntary green audit, our parent group accounts and our environmental report with details of how we work.

Additionality

Good Energy submits ROCs to Ofgem to meet the small percentage required by government.

Good Energy then goes above and beyond this requirement by retiring extra ROCs up to an equivalent of 10% to create an additional demand for renewable generation in the UK. This reduces the availability of ROCs in the market without decreasing the demand for them, so raising their market price. An increase in the market value for renewable output means a better rate of return on a renewable investment and the greater likelihood of growth in the renewable market.

Verification

When renewable energy is bought from an accredited source, each MWh of renewable power comes with a Levy Exemption Certificate (LEC) which describes how and where the electricity was generated. The UK regulation states that business but not domestic renewable electricity supply needs to be LEC backed – however all of Good Energy's renewable supply is 100% LEC supported. This proves the source of all our power and ensures that it is not counted twice, i.e. the



The Ashley Vale Action Group

A community group based in inner-city Bristol which formed a not-for-profit company to take control of the re-development of a brown-field site in their neighbourhood and build sustainable homes, www.ashleyvale.demon.co.uk. The community signed up to Good Energy's Home Generation scheme and now receive payments for all the renewable electricity they produce including any energy generated and used onsite. All additional demand is supplied by Good Energy's 100% renewable electricity. 'It's wonderful to be certain that your electricity comes from the sun or the wind and is not contributing to global warming or the production of nuclear waste. And it's important for the community to do business with a company with ethical credentials that shares the intention to maintain a habitable world,' says Steffie Broer, Sustainable Energy Consultant with ESD and resident of Ashley Vale.

same power cannot be sold to both a business and a domestic customer.

Good Energy verifies this and its other environmental credentials with an independent annual Green Audit. Due to the nature of the industry this is carried out retrospectively.

Both our 2002–2003 and our 2003–2004 independent green audits are now complete, and verify that:

- for every unit of electricity used by Good Energy customers Good Energy buys in an equivalent unit from the renewable sources of wind, small-scale hydro and solar photovoltaics and supplies it to the grid;
- Good Energy's renewable electricity supply is backed 100% with a Climate Change LECs;
- Good Energy meets the Renewables Obligation and goes above and beyond this to supply a product that is backed with the equivalent of 10% ROCs.

Good Energy is also accredited externally as it is recommended by Friends of the Earth and receives the highest ranking environmental assessment in the Good Shopping Guide.

It is because of Good Energy's green credentials that organisations have chosen to both work with us and purchase our renewable power, amongst them are Tearfund and The Earthwatch Institute.

Accountants' report

INDEPENDENT ACCOUNTANTS' REPORT TO THE DIRECTORS OF GOOD ENERGY LIMITED (FORMERLY UNIT ENERGY LIMITED)

We have examined the underlying records of Good Energy Limited in accordance with our terms of engagement and scope of work procedures dated 15 November 2004, which the directors have agreed.

Our work was performed solely to provide the directors with a report regarding the company's commitment to supply customers with power generated from renewable resources. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the directors as a body, for this report, or the opinions we have formed.

The procedures performed consisted of a review of relevant records and correspondence, analytical procedures and enquiries of management. The results of these procedures indicate that:

1. in the period from 1 April 2003 to 31 March 2004 Good Energy Limited sold 44,265 Mwh of electricity to its customers around England and Wales;
2. during the period from 1 April 2003 to 31 March 2004 Good Energy Limited bought renewable energy from recognised green generators of at least 100% of the above value;
3. for the period from 1 April 2003 to 31 March 2004 Levy Exemption Certificates ('LECs') to the amount of 100% of the electricity sold were held by Good Energy Limited. As these LECs are held no Climate Change Levy is charged indicating that the electricity sold is derived from renewable resources.
4. for the period from 1 April 2002 to 31 March 2003 Good Energy Limited surrendered sufficient renewable obligations (ROC) to meet the Governments target of 3% of Mwh usage for the period, and held sufficient ROC to retire a further 7% of ROC equivalents for that period.

Based on the above procedures, in our opinion during the period 1 April 2003 to 31 March 2004, Good Energy Limited complied with its obligation to match electricity sales to its customers with purely 100% renewable generation and holds Levy Exemption Certificates in respect of 100% of these sales, and for the period 1 April 2002 to 31 March 2003 the Company meet the Government target of surrendering renewable obligations to 3% of the Company's Mwh output. The Company retired a further 7% of ROC equivalents.

The procedures performed to verify the above statements do not constitute an audit. Should we have carried out any additional procedures, whether audit or review, other matters may have come to light that may have been reported upon.

This report is restricted to the directors of Good Energy Limited based on their agreement of the procedures performed. It also relates only to the above specific statements and does not extend to the company's financial statements taken as a whole.

SOLOMON HARE LLP

Chartered Accountants

15 November 2004

Office & administration

Good Energy aims to adopt the best possible environmental practice for our workplace. We aim to manage our resources in order to save energy and reduce waste in the office.

The heating and lighting design in our office optimises energy efficiency with movement light sensors, passive solar heating design and passive cooling design. We reuse all paper where possible and recycle all the waste that we can, with recycling facilities for paper, card and cans in the office. The printer cartridges we use are recycled, and we return all cartridges for recycling. All Good Energy literature is created using environmentally sensitive production methods and materials, as are all corporate and statutory documents produced by our parent company.

We try to source all office items responsibly. The office furniture is made from sustainable wood that is Forest Stewardship Council accredited. All of our office equipment and materials are sourced through an environmental stationer and includes recycled and chlorine free paper and recycled plastics. In addition all our tea, coffee and sugar in the office is sourced from fair-trade sources, through Cafédirect.

Transport

When considering transport to meetings, we take a pragmatic view in terms of carbon emissions. The lowest emission meeting is an online meeting the benefits of which we recognise, and significant amount of our work is carried out on the phone. However, as Good Energy is growing we still find it necessary to attend external meetings, to make contacts and influence the market that we operate in.

The decision on whether to attend a meeting is based on the requirement of the company to grow the renewable energy market. If by attending the meeting we cannot do this, then we don't attend the meeting.

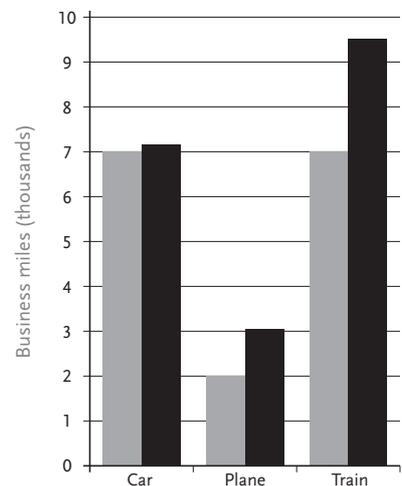
The method of primary transport is a decision between car, train or plane, the preference is train travel. Individuals only choose to travel by car if the journey by train is more than thirty minutes longer than the car journey, and if the destination is further than 10 miles from a train station. The decision to travel by plane is made if the journey is more than four hours by train or car, and plane travel is more convenient.

In addition to this we are working on a strategy to encourage individuals to cut their emissions of travelling to work. We are planning to monitor the CO₂ emissions over the year, and award a sliding scale bonus payment based on individuals CO₂ emissions on their travel to work. This will be benchmarked against the UK average, currently 891 miles per person per year.

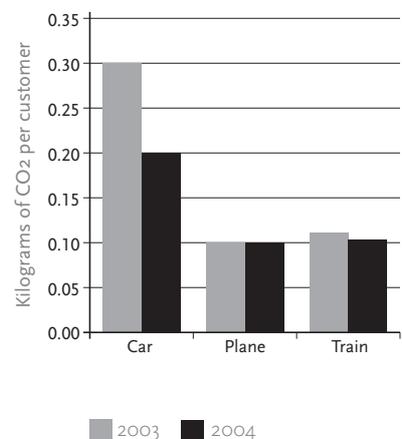
The comparative figures to last year's miles by car, plane and train are shown on the right. As we would expect whilst we are concentrating on growing Good Energy and influencing the market our total business miles traveled have increased. It shows a trend towards train use away from car use, but a relative increase in the number of air miles. This was due to launching in Scotland, and some work on generation investment carried out by Good Energy on behalf of Monkton Group PLC. The total transport carbon emission per customer has decreased overall by 18%.

In 2005, we will be implementing a new travel scheme for attending meetings that includes a CO₂ calculator for each individual meeting. The CO₂ emissions per member of staff will be covered in reviews as part of the indicators within each job description.

Business miles by type



Carbon emissions per customer



Employment

In 2005 Good Energy is aiming to start to formalise some of the good practices already used in day to day activities in the management of our employees. As a growing company Good Energy recognises that the employment policy outlined during infancy will help us grow and achieve our strategic aim.

The office is located adjacent to a large leisure centre with gym and swimming pool, and next to footpaths with routes along the river, enabling staff to have access to exercise as part of their working day.

Good Energy already has some basic practices in place:

- six month reviews for all employees with clear job descriptions and targets for the following six months work;
- bonus payments based on the level of achievement of the company and the individual against objectives set by the whole team;
- initial development of an employee handbook to outline the culture and ethos of the company;
- an outline structure for training requirements within the company;
- stakeholder pension in place with a policy of matched contributions by Good Energy;
- stakeholder pension is the Friends Provident Global Stewardship pension plan.

We are also looking to formalise other best practice initiatives on:

- equality and diversity;
- corporate responsibility;
- training and people development;
- health and fitness of employees.

Achievements

Good Energy strongly believes in setting itself targets and ambitions so as to succeed in transforming the market for renewable energy.

During 2004 Good Energy worked hard to fulfil the targets it set in its previous environmental report. It did fall very slightly short of these, missing its target for cumulative CO₂ saving by 5%.

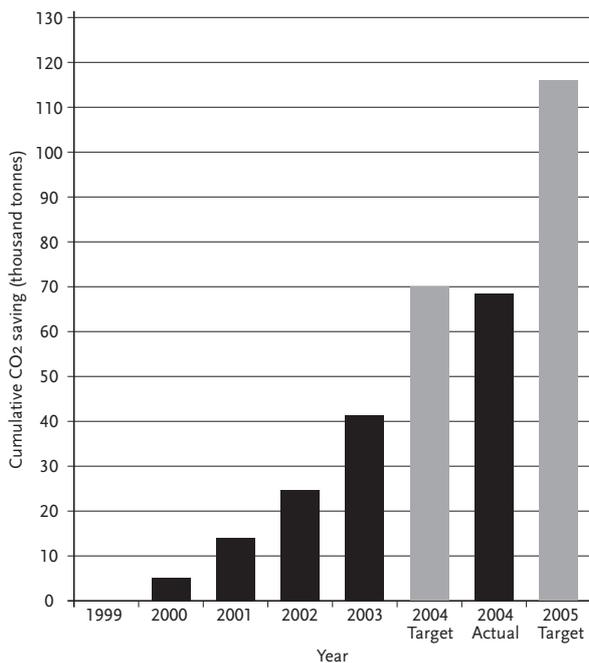
Below is a table identifying the aims and targets for 2004 and showing how Good Energy performed against them.

Aim	Target	Result
To continue to expand its key market, the sale of renewable electricity.	<ul style="list-style-type: none"> • Cumulative CO₂ saving of 70,500 tonnes since Good Energy entered the market in 1999. • Increase customer base to 15,000. • Good Energy customer reduction of CO₂ emissions by 30,000 tonnes in 2004. 	<ul style="list-style-type: none"> • The cumulative saving of CO₂ in 2004 was 66,722 tonnes, see graph overleaf. • Achieved 13,000 customers. • Customers used 58,600MWh of electricity, the equivalent of saving about 25,200 tonnes of CO₂ or not driving 70 million miles in a petrol car.*
Significant expansion of the micro-renewable generation market, supporting customers who wish to install their own renewable generation.	<ul style="list-style-type: none"> • Target of 100 Home Generation customers. 	<ul style="list-style-type: none"> • 87 Home Generation customers. They generated an estimated additional 73MWh of electricity, the equivalent of saving another 31 tonnes of CO₂ or not driving 87,000 miles in a petrol car.*
To make sure that no misleading information is provided to the marketplace, providing transparency for consumers.	<ul style="list-style-type: none"> • Aim to ensure that no complaints against Good Energy made to the Advertising Standards Agency, (ASA) are upheld. 	<ul style="list-style-type: none"> • One complaint was made against Good Energy and upheld by the ASA, which was resolved by a change in wording on Good Energy's marketing material. This complaint related to explaining that the supply of renewable electricity goes via the national grid and not supplied directly to people's homes.

* Based upon an average UK family car returning 29mpg. Source: National Energy Foundation.

Aim	Target	Result
To actively persuade the electricity market to disclose more information about where electricity is sourced from.	<ul style="list-style-type: none"> • Encourage environmental transparency. • Push for a compulsory annual environmental audit for all supply companies. 	<ul style="list-style-type: none"> • Good Energy worked on a number of projects within the renewables industry to actively persuade the market to be more transparent on the sourcing of renewable power. Significant work included; • Fuel Mix Disclosure – as from July 2005, electricity bills must disclose the sourcing of their electricity supply at least once per year. • Renewable Energy Guarantee of Origin (REGO) implementation. • Ofgem's Green Supply Guidelines.

Saved CO₂



Targets for 2005

Good Energy aims to continue to expand its core market, sales of 100% renewable electricity to consumers throughout England, Wales and Scotland. At the end of 2004 we have 13,000 customers. By the end of 2005 we hope to reach **26,000 customers**, a growth of 100%. This is an ambitious growth compared to 2004, which would mean that Good Energy customers would **save up to 48,805 tonnes of CO₂** for the year ending 2005.

In addition, we will continue to expand our Home Generation market. We currently have 87 customers signed up to this and aim to expand this significantly in 2005 to around **400 Home Generation customers** by the year end.

Good Energy is aiming to develop a new product this year focused at **involving local communities** in the development of renewable energy. This product will provide some benefits back to the local community for having renewable energy installed in the local vicinity.

Work with the Advertising Standards Agency has continued and despite wanting to have a zero complaint rate, we still had one complaint upheld against us. We do not envisage having any similar issues in 2005 and are aiming again for **zero ASA complaints**.

Good Energy is continuing to work towards a UK and European standard on renewable electricity supply. Good Energy wants to ensure that all consumers in the UK market can be certain about the product they are buying and that their **rights as consumers** are protected.

In addition to the new product we are looking to develop for community type renewable generation, Good Energy is considering developing sustainable energy products for the **renewable heat markets**. We will be looking at different ways of encouraging the renewable heat market in the UK, the market in energy efficiency, in particular whether there are possibilities for this to work in the context of a micro carbon trading market.

Internally Good Energy is looking to formalise our work on: equality and diversity; corporate responsibility; training and people development; and health and fitness of employees. We see this as a key part of growing the company and improving the 'health' of the business as a whole. In 2005, we will be looking to develop various different internal indicators on the **health of the business and our employees**.

Transport will be an area where Good Energy is carrying out further work, to develop an **internal travel plan** and begin to benchmark its current activities against national averages.