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CEO

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COO

joint talk given at HEAT Conference 2009

run by Cambridge Investment Research

www.hvm-uk.com

Today’s agenda

- Who are we?
- The situation
- Introducing GEO
- Introducing AlertMe
- Co-opitition and a Cambridge Cluster?
- 2020

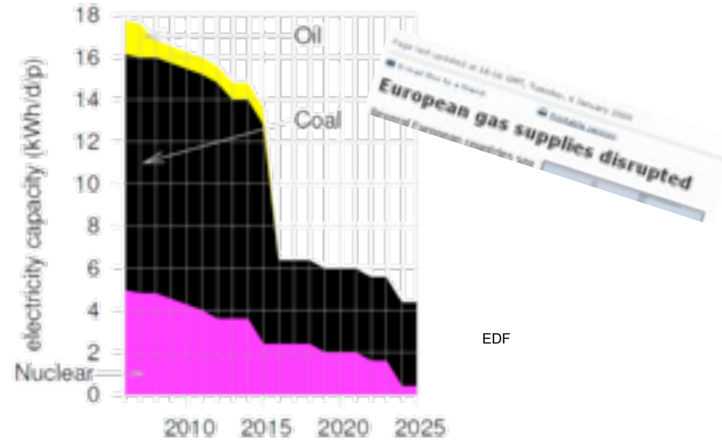
Who are we?

- Simon Anderson
  - COO Green Energy Options
  - Making energy visible
  - Engaging users in the home, at work and in school
  - Emphasis on displaying information, but includes control
  - Business model: product led brand
  - Channels: Utilities, Commercial, Communities
- Pilgrim Beart
  - CEO AlertMe
  - Measure and control by all modern means
  - Home Energy Management <u>service</u>
  - Business model: platform play, monthly revenue
  - Channels: Telco's, Retail, Utilities

The Situation

Government Push

- Energy Security
- Climate Change



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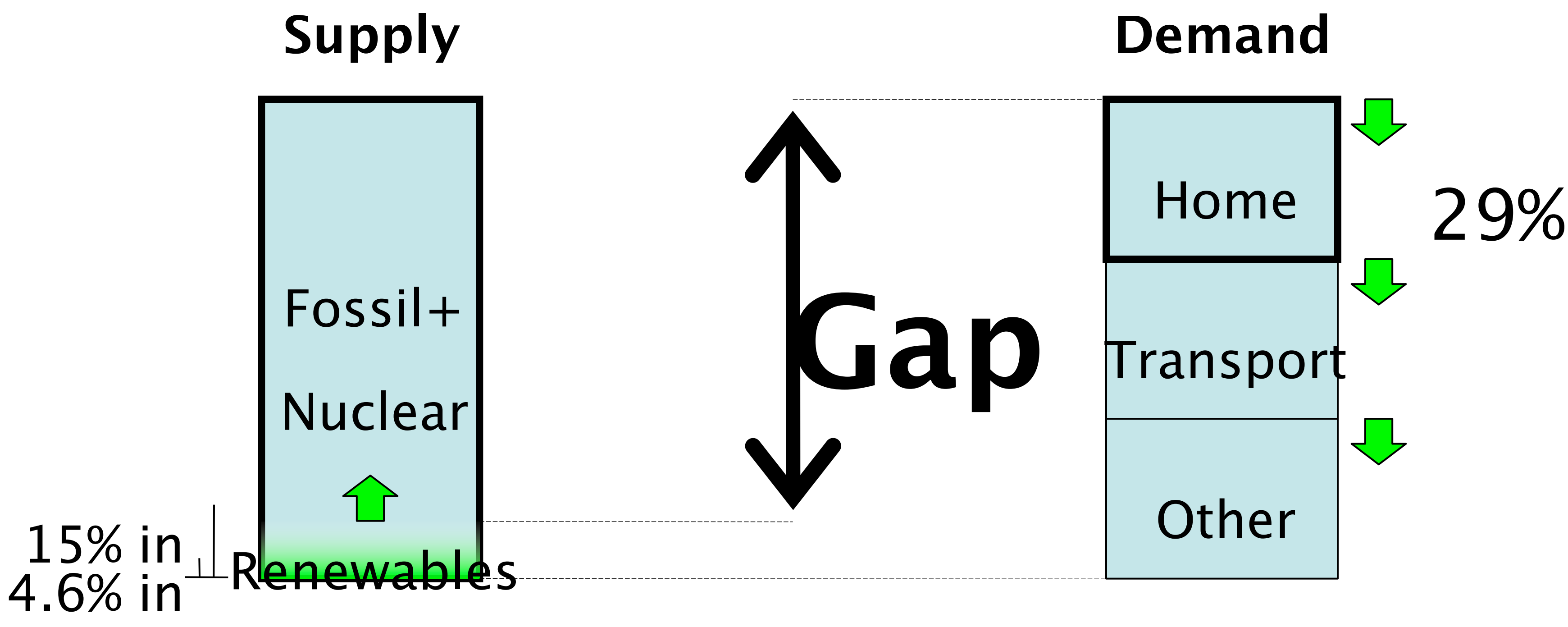


BERR 2008

SEWTHA

Consumer Pull

- Average UK household:
  - Disposable income £14,520
    U-switch press releases, 6 June 2008
  - Domestic energy bill £1,213 (8.3%)
    U-switch press release 26 Aug 2008)
- 90% of consumers concerned about energy bills
  OnePoll Survey of 1000 broadband users, Sep 2008

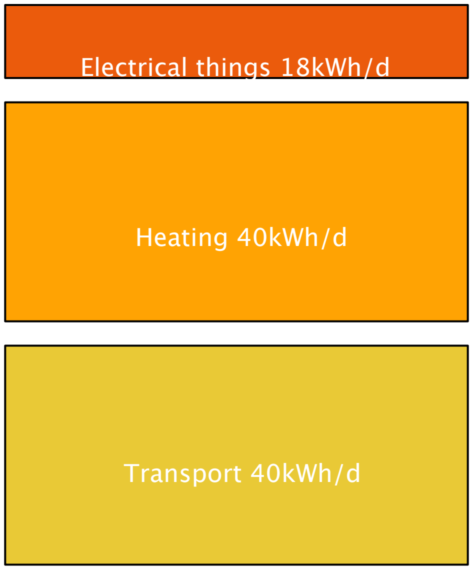
Utilities stuck in the middle

- £1bn/year towards energy efficiency
  - Otherwise windfall tax, or lose license
- Energy-saving: saturated?

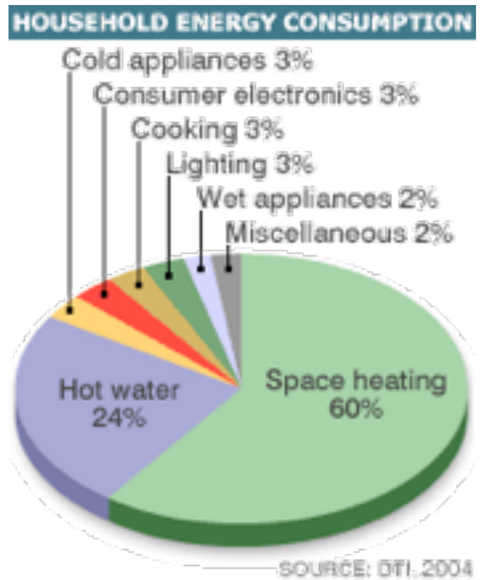
Insulation measure	Households with this	
	1976	2005
Loft insulation	51%	95%
Double glazing	10%	84%
Hot water tank insulation	74%	95%

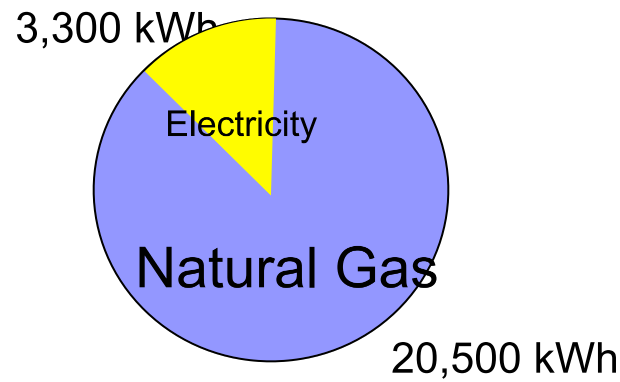
- Energy is a commodity
  - Centrica pays 75% tax on supply
  - <50% of 2008 revenue was from supply

Where does UK energy go?



SEWTHA





USWITCH JUNE 2008

Personal

energy consumption

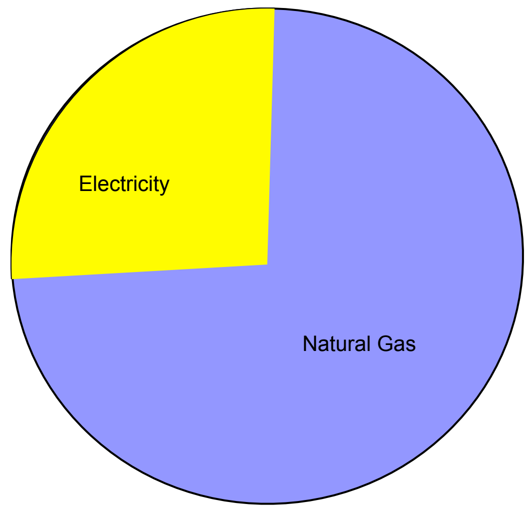
Household

energy consumption

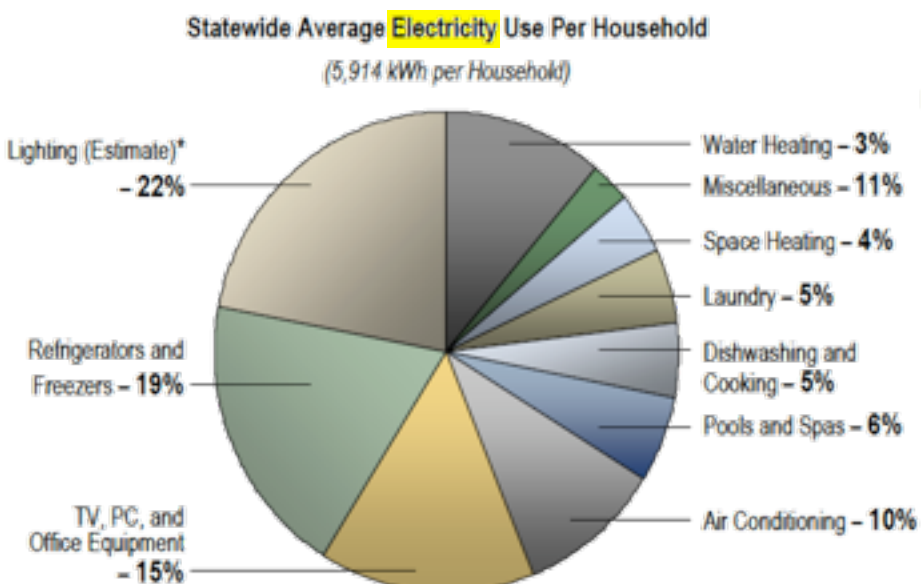
“Approximately 10% of domestic electricity consumption is wasted by appliances left on standby”

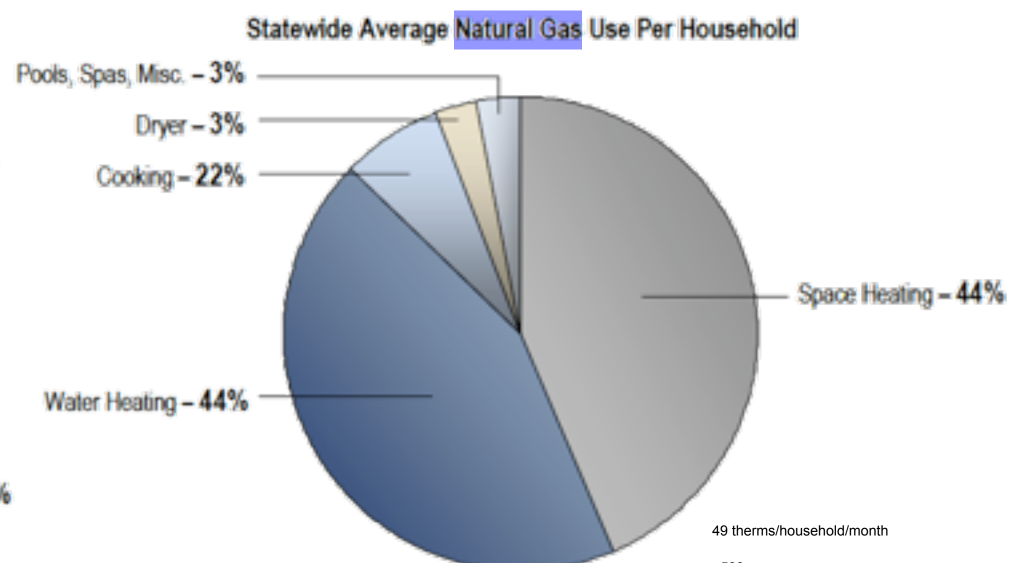
UK is pretty typical (vs. e.g. California)

5914 kWh



17000 kWh





49 therms/household/month

=588 per year

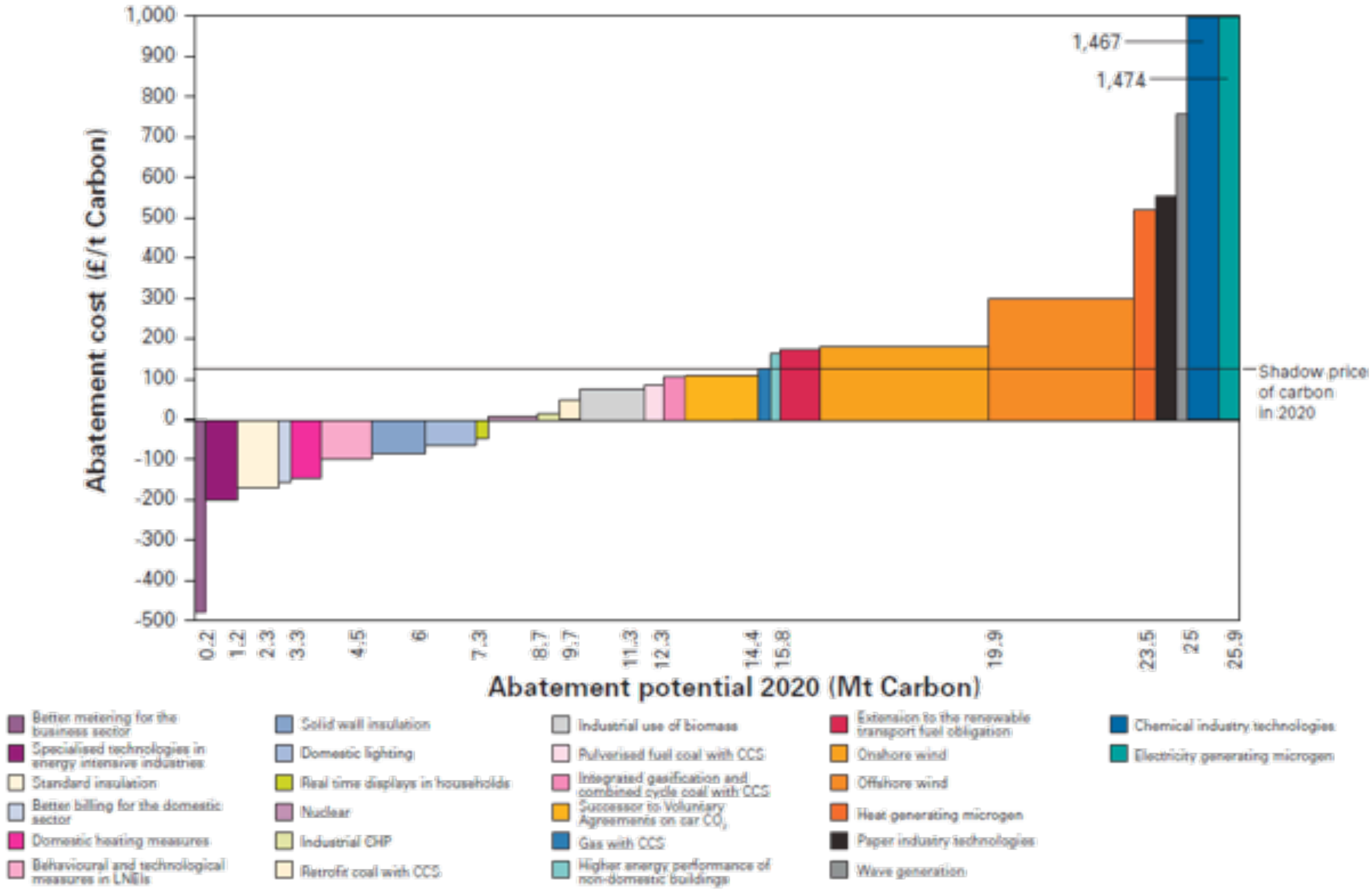
= 17,000 kWh

http://www.californiaenergyefficiency.com/docs/EEStrategicPlan.pdf

http://www.pge.com/about/environment/calculator/assumptions.shtml

Abatement cost

Chart 2: Marginal abatement cost curve 2020 with new shadow price of carbon (SPC)



Government White Paper on Nuclear Power, Jan 2008

The situation

- Energy efficiency is the lowest-hanging fruit
- 3 types of reaction:
  – Denial (no plan)
  – Accept the inevitable, but grudgingly (financial issue)
  – Enthusiasm to seize the game-changing opportunity
- Early market
  – No-one knows how it's going to end
  – But everyone's realising they can't wait to find out
- UK is deregulated energy market
  – The consumer really matters
  – Other channels can play, besides utilities

What progress?

- Renewables?
- Smart Metering?
- Government initiatives?
- Displays?
- Consumer engagement...

GEO GREEN ENERGY OPTIONS

Introducing GEO

ALERT ME

Introducing GEO

- User engagement
- A progressive activity
- Two types of display

Push Displays

- Always on
- Simple
- Low cost

Pull Displays

- Call for information
- Richer, multi function environment
- Higher cost





Building customer engagement

Stage 1: engagement

A push display (RTD)

- Low cost
- Simple to install and maintain
- Educational

But has to be:

- Engaging
- Simple to understand
- Have enduring value

Stage 2: encouragement

An In-Home Display (IHD)

- Increased functionality: e.g. simple controls
- Multiple display options
- Relationship building

Delivering:

- Retail income
- Service Income
- Brand loyalty

Stage 3: advanced controls

The smart home

Last points

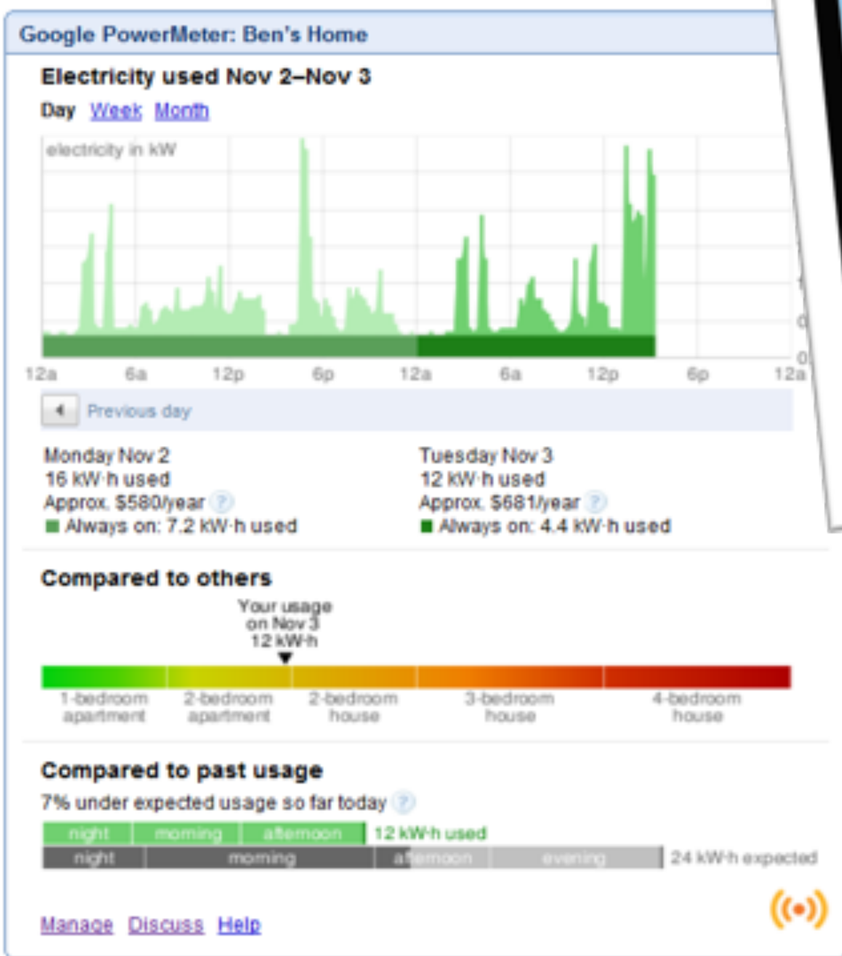
- Its about people

- It can be done now – in advance of a smart meter roll-out

- Momentum is building

Introducing AlertMe

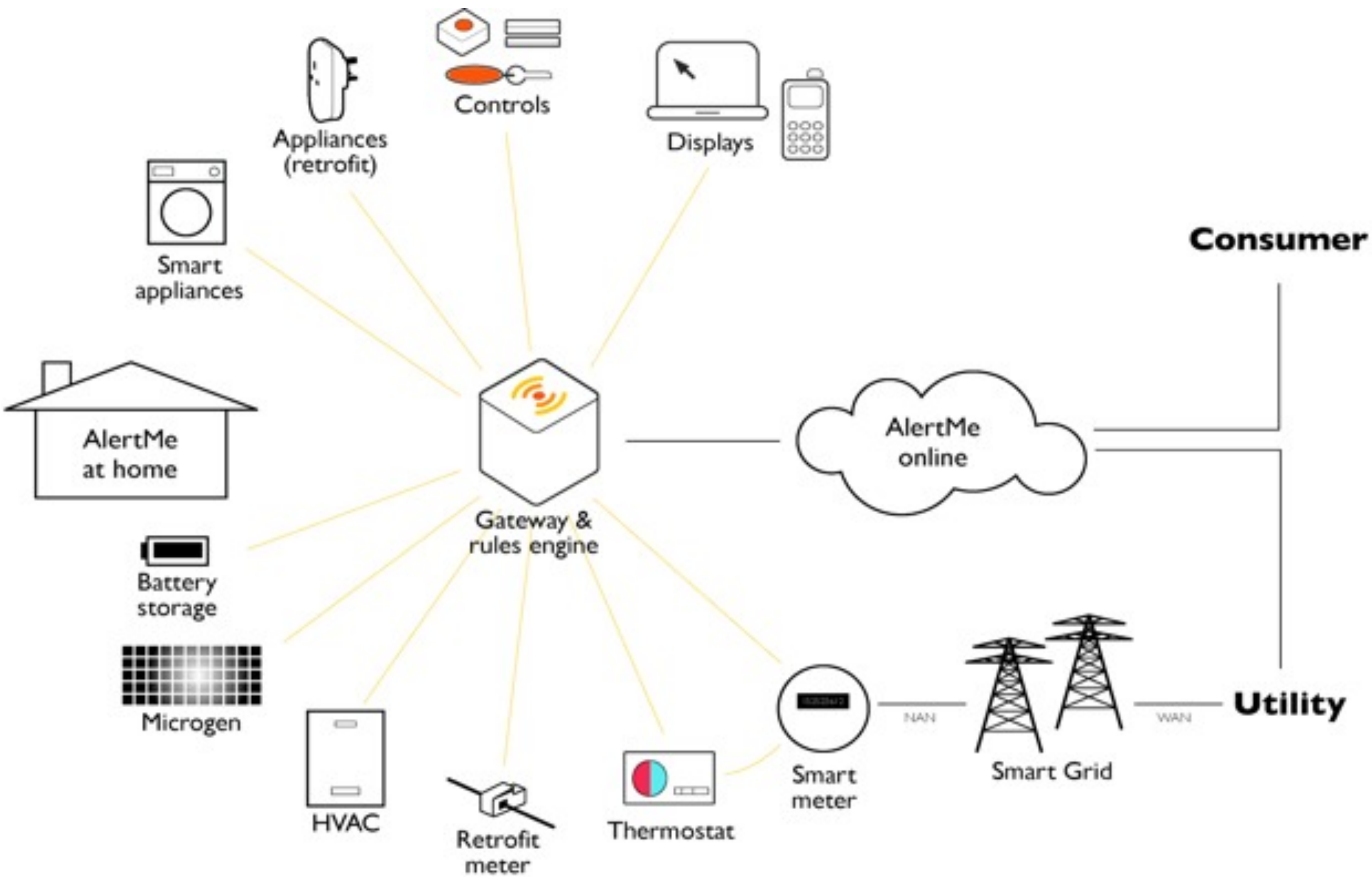
AlertMe Energy - today



AlertMe applications - Today

- Whole-house electricity
- Per-appliance electricity
- Online Heating

Home Energy Management



Partners

- Engaging the consumer via
  - Utilities
  - Telco’s
  - Retail
- Partnering with
  - Controls mfrs
    - Heating & Cooling
  - Microgen mfrs
    - PV, Solar Thermal. MicroCHP
  - Online Services
    - Web services (Google Powermeter)
    - IPTV
    - AMEE

Values and Differences

Values we share

- Part of energy revolution
  - Good place to be!
- Demand-side
- Consumer-oriented
  - Domestic homes
  - Create consumer pull
- Making energy visible
- Speed, “just do it” - don’t wait for Smart Meters
  - But work with them when they come
  - Therefore want open architecture

Ways we are different

- Product vs. Service
- In-home vs. In-pocket
- Local vs. Online
- Lowest-cost vs. Platform

...but these are complementary - a spectrum

Co-opitition

Why co-operate?

- Market creation
  - This will be a massive market, but first it needs creating
- Speed
  - First mover advantage
  - Before the big boys move in
- Focus
  - As small businesses each of us can't do everything
- Cost, scale, volumes
  - Which translates into:
    - Price
    - Margin
    - Re-investment

Why Compete?

- Customer choice
  - Creates a vibrant market
- Innovation
  - No one business knows all the answers!
- Speed and flexibility
  - Faster decision loops
- Challenge
  - Competition is good! It keeps you on your toes...

Co-opitition: an example

What would co-opitition mean?

The four ‘I’s

- Intelligence
  - Sharing information and understanding
- Inter-working
  - R&D, ‘internals’, firmware etc
- Integration
  - Ensuring our products can work together out of the box
- Interoperability
  - Complementary functionality creating a bigger system

A Cambridge Cluster

- Not limited to the two (three) of us
- Driven by business rather than research...
- Not meetings, but joint projects
- Not waiting for leadership: providing it

2020 – a vision

2020 – a prediction

- Consumers will have been increasingly MOTIVATED:
  - by rising energy prices,
  - Smart Meters,
  - Time of Use pricing etc
- We intend to make sure they are increasingly ENABLED too:
  - by making energy visible and controllable, including microgen
- Consumers will be both MOTIVATED and ENABLED and a revolution will be in progress;
  - driven - like all tech revolutions - by "consumer pull"

Thank you!

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