



Energy & Carbon Prices

Green Monday Survey Results – January 2011

Foundation partners



Associate partners



Our January survey captures the opinion of those who control corporate strategies in relation to energy and sustainability. It is a timely snapshot, in part because it coincides with the UK government's consultation process on **Energy Market Reform** and **Carbon Floor Price**, but also because there is a growing recognition that the best sustainability investments lie in the energy arena, particularly **energy efficiency**. Markets seem to be moving in this direction – the WilderHill Index, which tracks the performance of 100 global clean energy stocks, fell by 14.6% in 2010 whilst companies providing energy efficiency products & services saw their shares rise by 19%*.

There are many valuable insights for sustainability and energy managers in this survey, and I would highlight 3 areas in particular.

Firstly, there is seemingly an emerging expectation of a **Carbon Floor Price of £25 per tonne in 2016** – see question 1. This represents an increase of over 100% from the current EU carbon price, and it is consistent with the middle scenario of £30/tonne in 2020 in the Treasury's consultation document. If this reflects how the corporate community is engaging with the consultation process it points to potential for agreement at this level. A price of £30/tonne in 2020 would significantly impact UK energy infrastructure investment decisions, and 55% of corporate respondents point to it having a "high impact" on their energy strategies (Q4b).

Secondly, there is agreement on the **importance of the position of energy-related initiatives in sustainability strategies**. Of those who identified themselves as "corporates" (rather than "influencers" or "suppliers"), 100% either agreed or strongly agreed with the statement that "companies that take decisions around energy efficiency will see significant benefits in the next 18 months" (Q2). 84% said that energy management is a high priority (Q2b) in their broad sustainability strategy, ahead of the other sustainability initiatives that we listed in the survey.

Thirdly, many of the results point towards a lot of **change** in the way that companies organise themselves in this area in the future. Q5 shows that nearly half are watching policy changes and expecting to adjust their strategies, with only 16% saying their strategies are "fit for purpose" and don't need alteration. We can expect a rise in board approvals of strategies from the current 50% (Q5), and the number of people responsible for energy use that report directly into the board to increase from the current 16% (Q7).

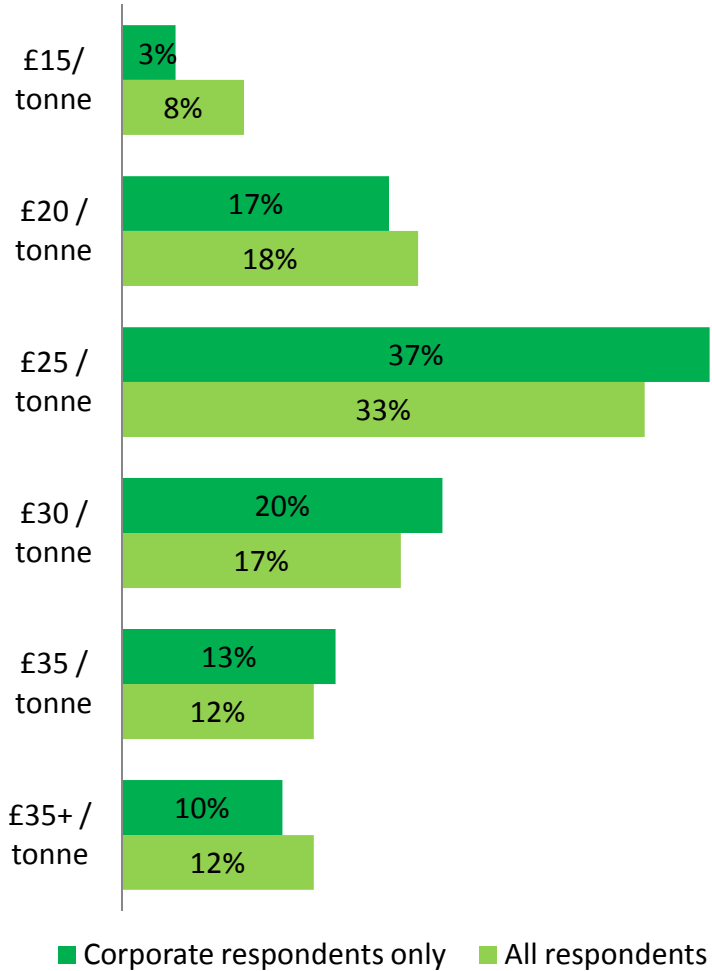
The impact of the myriad policies affecting energy management is building - the EMR and carbon floor policies add to the existing Feed-in-Tariff, the CRC and the expected Renewable Heat Incentive. The only thing that can be predicted with any certainty is that energy is going to become more complicated to manage, and in all probability more expensive. It is not surprising, therefore, that 85% of corporate respondents agree or strongly agree with the statement that "the role of the Energy Manager is changing, and companies should be looking to invest in more specialist skills or outsource energy management to specialists" (Q5).

We have seen that those who outperform their peers in this space tend to be able to predict the direction of travel, and invest ahead of their peers. With many policies still on the drafting table it is difficult to be certain of the detail of the policies, but the agreement in the responses in this survey point toward the direction of travel being relatively easy to predict. If this UK is going to hit its 2020 EU renewable energy targets, which it is further away from meeting than any of the other major EU nations, it will need effective policies. Will a UK ESCO market be the biggest product? I look forward to the debate on the 10th January.

Jim Woods
Green Mondays chair
7th January 2010



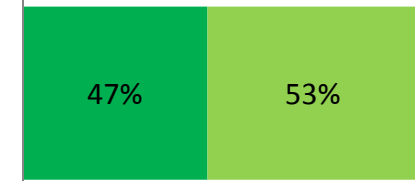
1. Assuming a carbon floor price is introduced, what price do you anticipate the floor price reaching over the next 5 years?



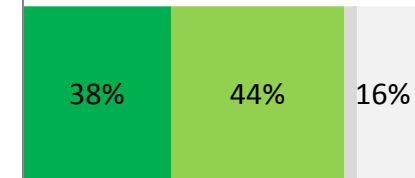
2. Do you agree with the following statements?

Corporate respondents only

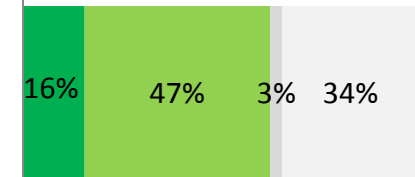
Companies who are willing to take strategic decisions around energy efficiency will see significant benefits in the next 18 months



The role of the Energy Manager is changing, and companies should be looking to invest in more specialist skills or outsource energy management to specialists



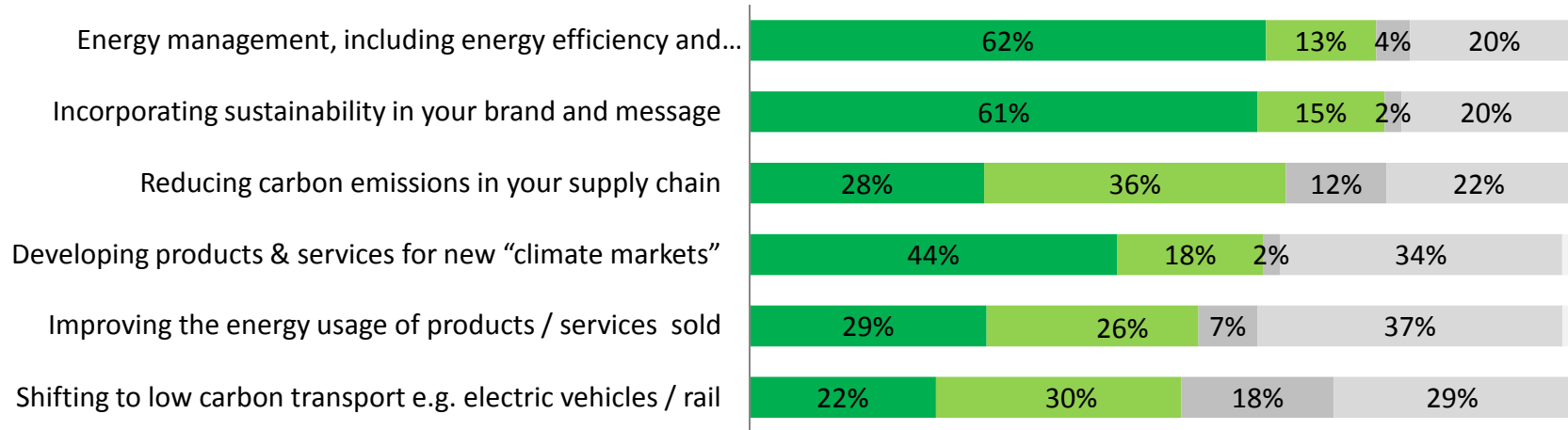
The Energy Market Reform represents the biggest upheaval in the energy sector since the electricity industry was privatised 20 years ago



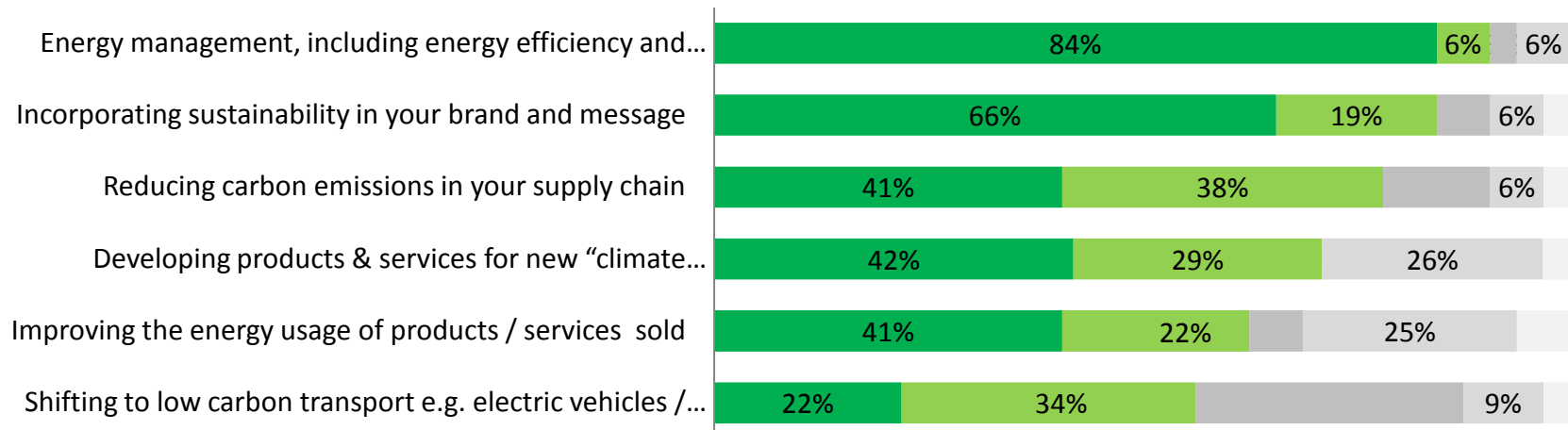
■ Strongly agree ■ Agree ■ Disagree ■ Not sure

3. To put energy management in strategic context, how would you rate these initiatives in your sustainability strategy?

a) All respondents



b) Corporate respondents only (i.e. excluding influencers and suppliers)

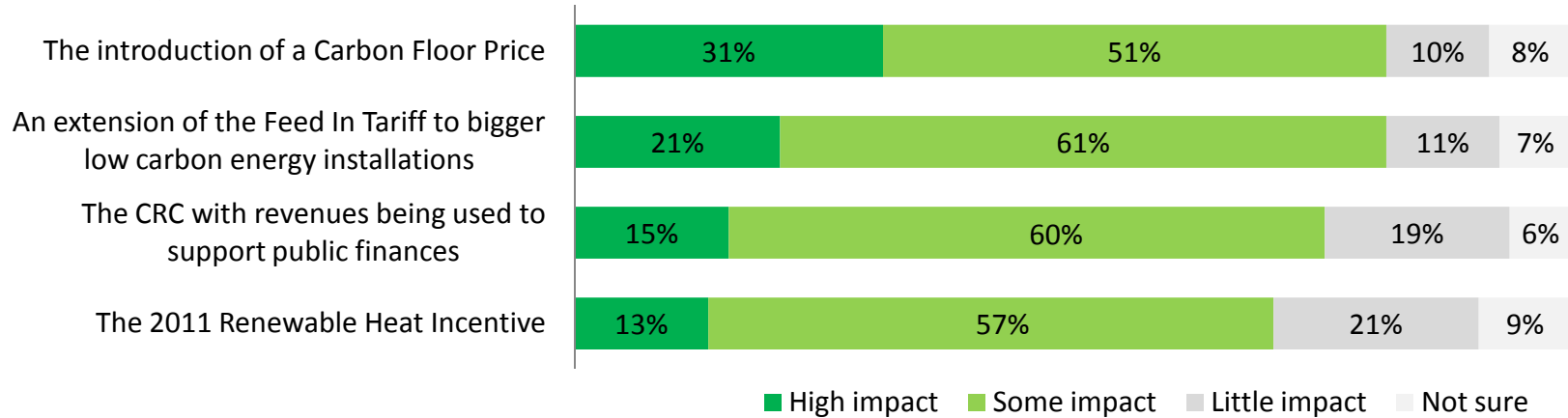


■ High priority
 ■ Medium priority
 ■ Low priority
 ■ Not applicable
 ■ Not sure

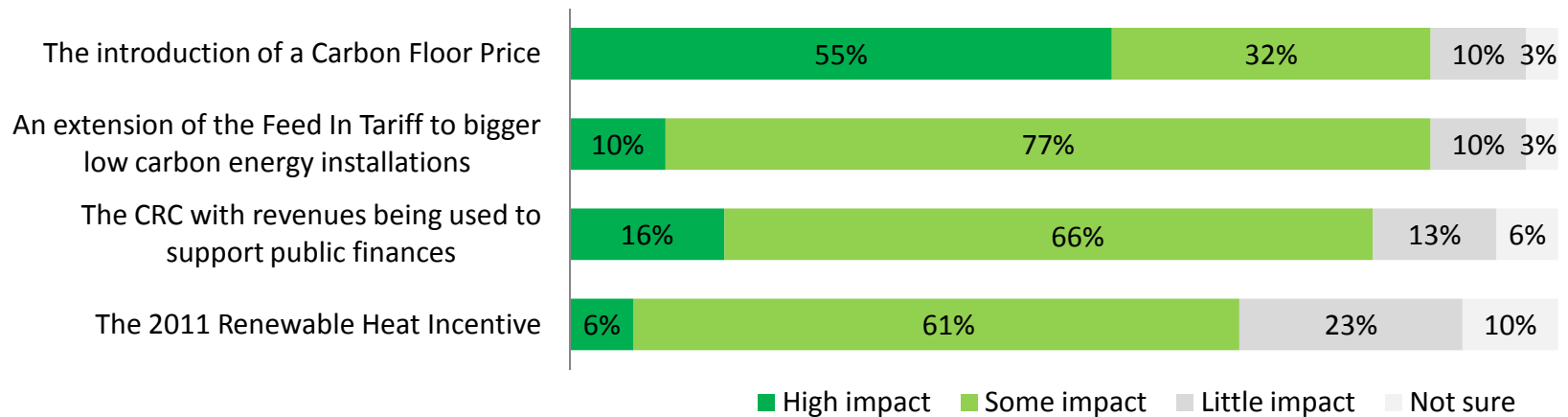


4. How much impact do you expect the following to have on corporate energy management strategies?

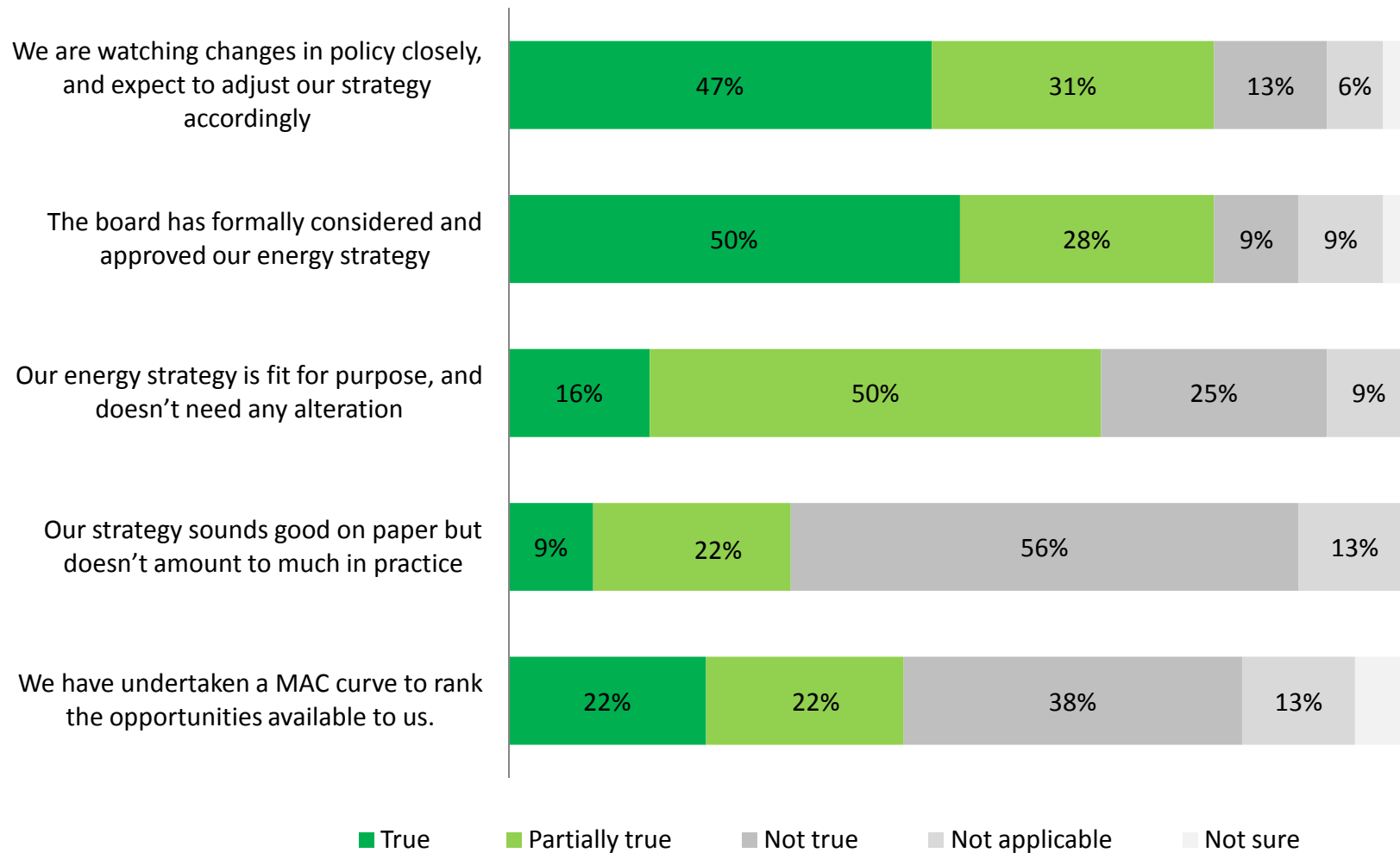
a) All respondents



b) Corporate respondents (i.e. excluding influencers & suppliers)

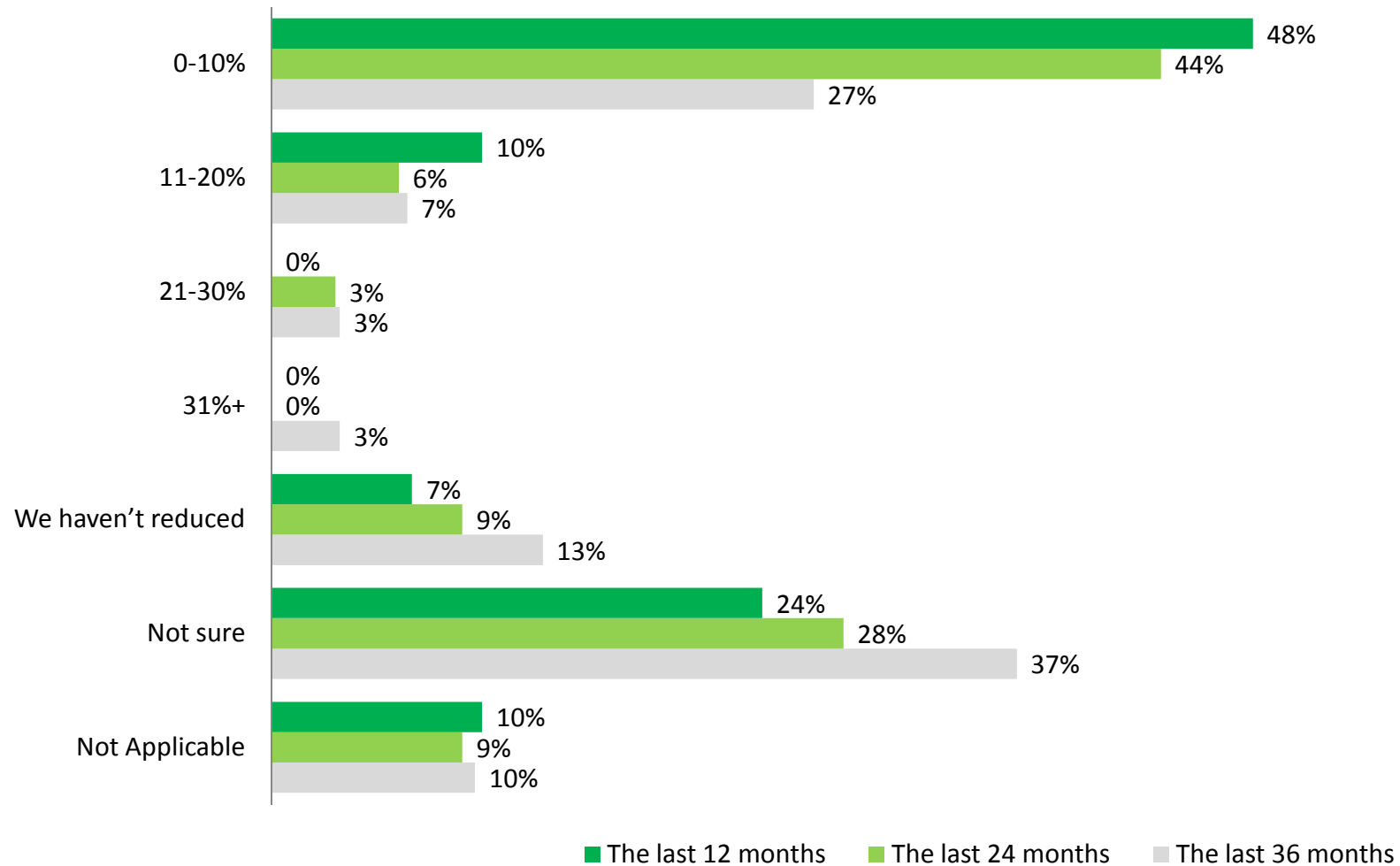


5. How do you regard the following statements about your energy strategy?
Corporate respondents only

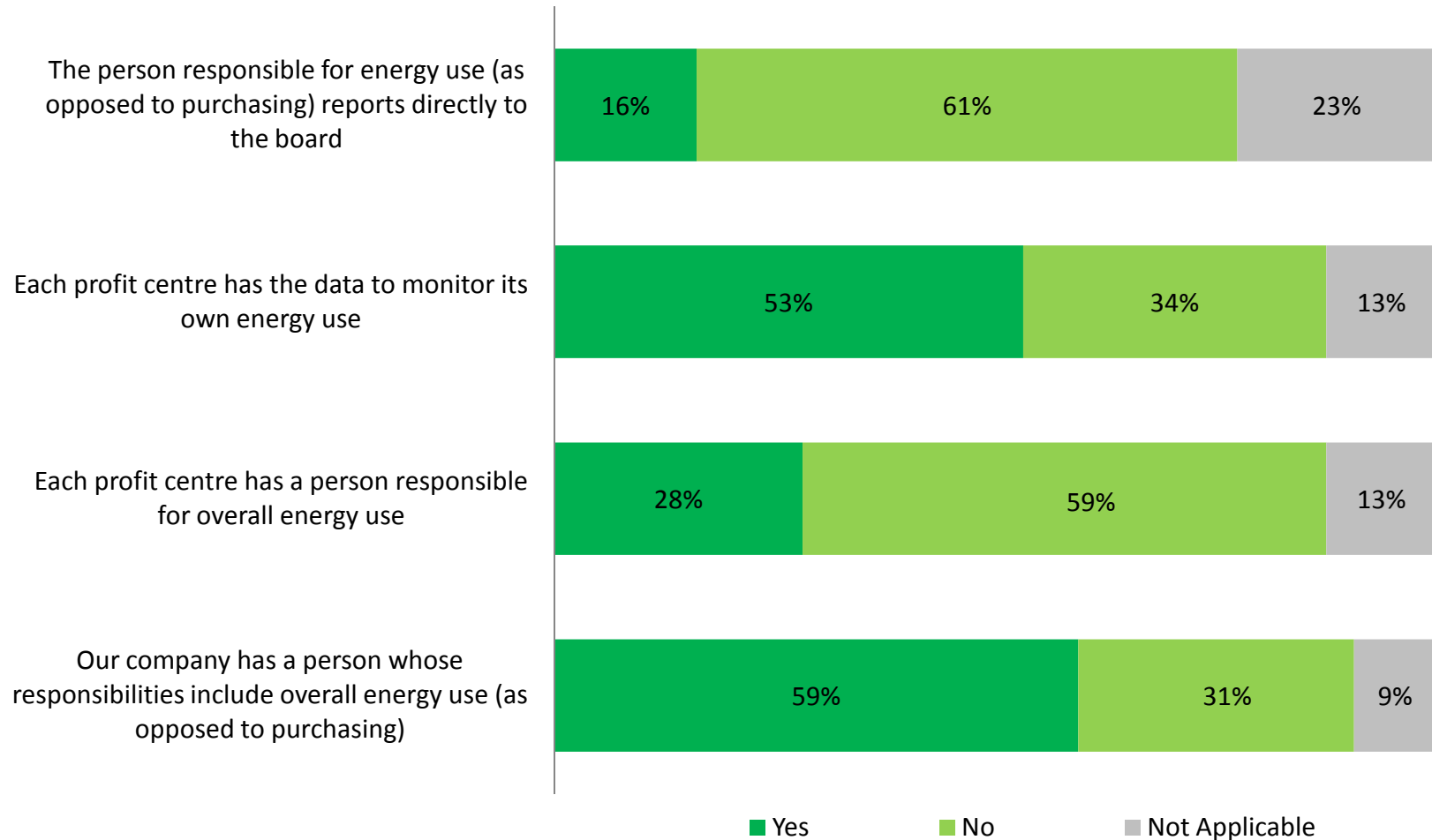


6. Approximately, how much has your organisation reduced its specific energy (i.e. energy per output by whatever is a suitable measure) over the following time periods?

Corporate respondents only



7. Please answer Yes / No / Not Applicable to the following:
Corporate respondents only



8. Which of the following would you regard as interesting plenary themes?

All respondents

An overview of the global policy framework – the direction of travel, who are the policy leaders in different markets, what can be learned from other markets.



The big sustainability opportunities – the initiatives that take sustainability into the board room. E.g. major climate markets, acquisitions, the most disruptive innovations



From compliance unit to innovations unit – the sustainability function is evolving; the latest structures, the different role that are emerging, changing salaries and ways of thinking.



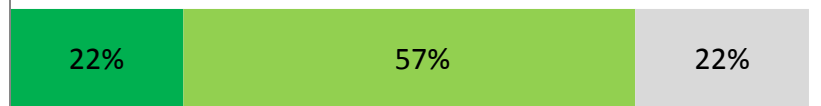
Using corporate Marginal Abatement Curves to determine investment strategies – 5 companies talk us through their MAC's, and we assess the benefits of this way of thinking.



Collaboration & partnerships – case studies of partnerships that are working, from JV's with private equity funds to sharing information with competitors and ESCO's.



Green IT. We look at the IT technology changes that can reduce energy usage whilst improving products and services. We look at the direction of travel and the opportunities.

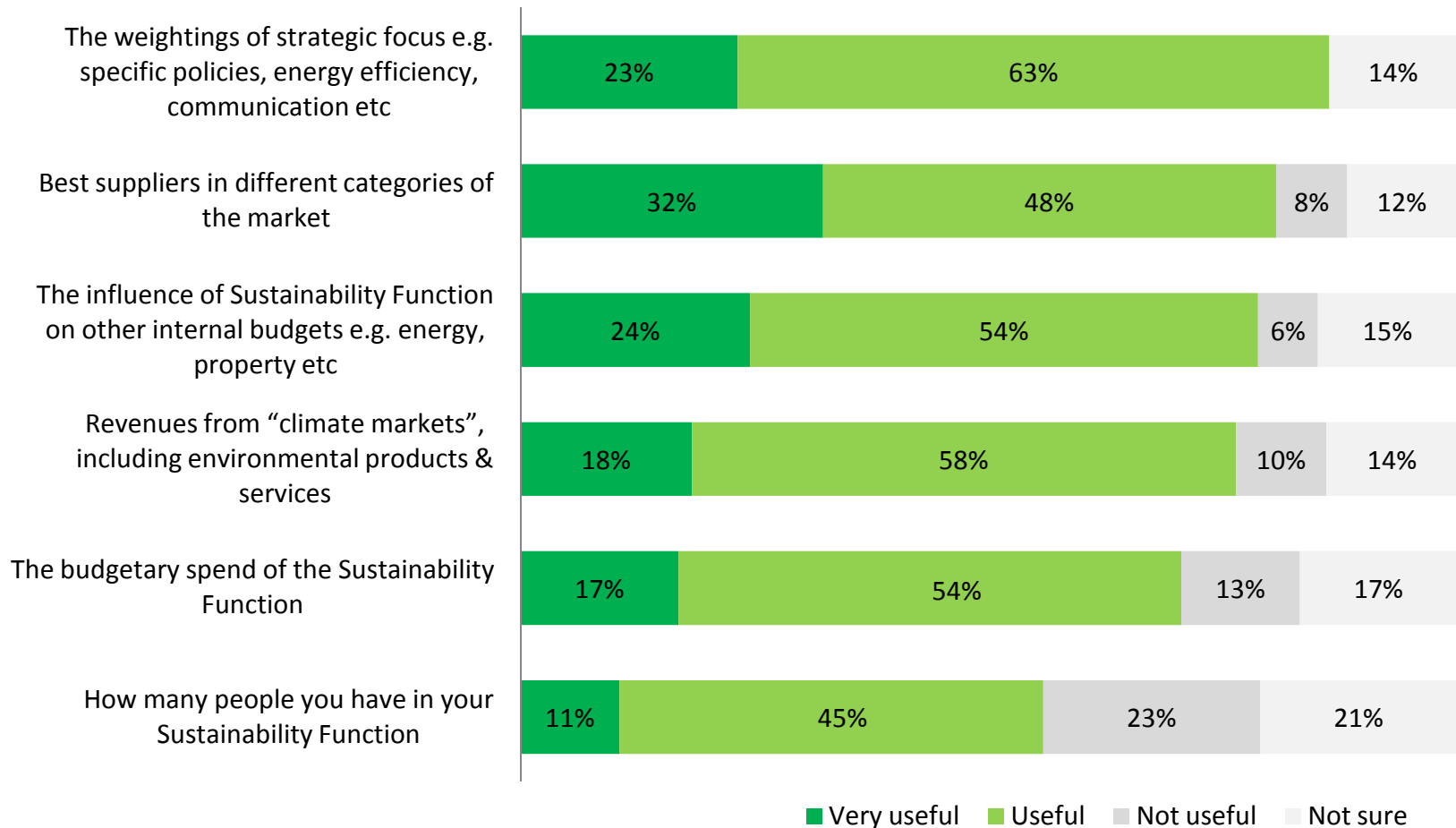


■ Very interesting ■ Interesting ■ Not interesting

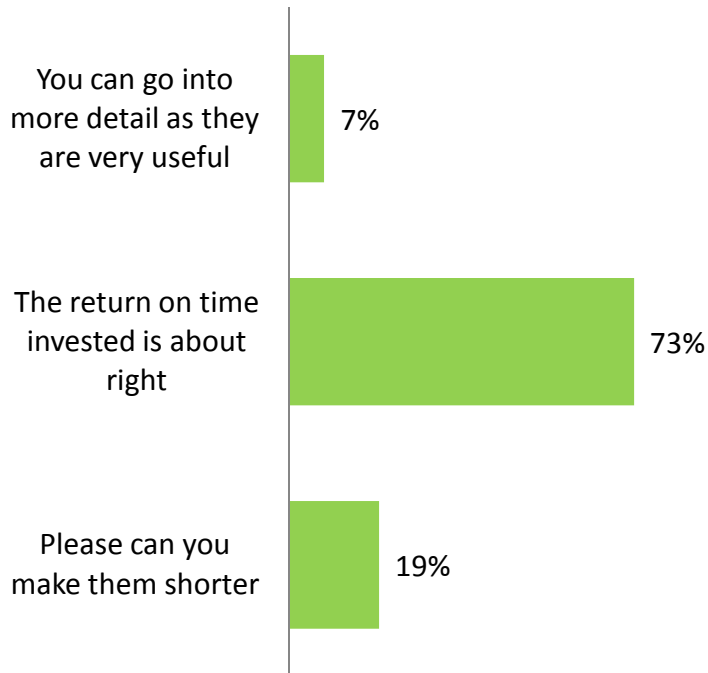
9. We are looking at introducing a “Monthly Monitor” in 2011, which those who control and influence sustainability strategies can use to benchmark themselves against the market.

Please let us know what you would find useful to know

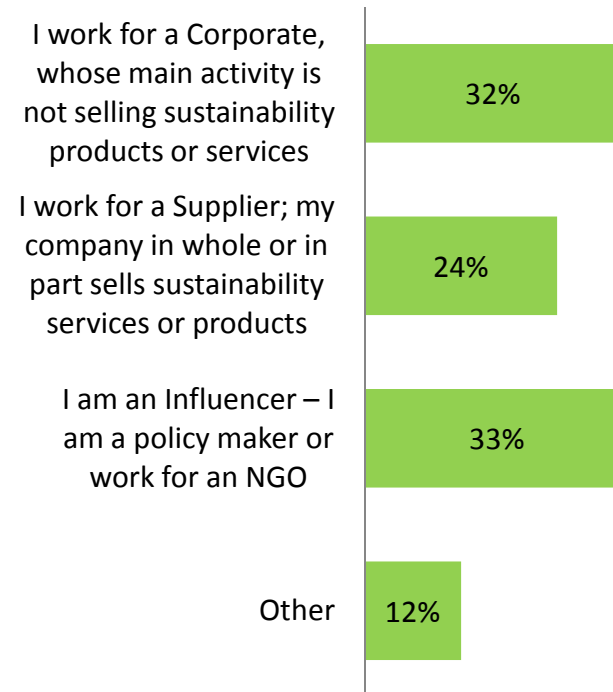
All respondents



10. We know these surveys take a bit of time to fill in, but we hope you regard them as a reasonable request given that we are keeping the event free for corporates & influencers, and we hope you will increasingly find it a valuable benchmarking tool. How does the following reflect your opinion?



**11. What best describes your role?
(102 survey respondents in total)**



Organisations filling in the January 2011 survey

ACCA	DECC	Institute for Sustainability	Quorn
ActionAid International	DECC	Johnson Controls	Redpoint Energy
Aldersgate Group	DECC	Julie's Bicycle	Renewable Energy Association
Aldersgate Group	DTZ	LBS	Royal Mail
Arup	ecoConnect CIC	Logica Plc	Sainsbury's
BA plc	EEE Foundation	London Business School	Sandbag Climate Campaign
Bank of America Merrill Lynch	EDF Energy	London2012	Schneider Electric
Bank of America Merrill Lynch	EnergyBank	M4C	Sefaira
barclays	EnergyQuote	Marks and Spencer	Serco
BBC	Environment Agency	Mars Incorporated	Siemens plc
Bechtel Ltd	Environment Agency	Matrix	Tesco
BNY Mellon	European Climate Foundation	Microsoft	The Carbon Trust
BofA Merrill Lynch	Forster	Monnickendam	The Carbon Trust
Booz & Company	Forum for the Future	Nando's Chickenland	The Climate Group
BP	Frost	Network Rail	Think London
Brighton Energy	Gold Standard Foundation	Northamptonshire Enterprise	UBM
British Sugar plc	Greengauges	OFGEM	UK Green Building Council
BT Group	GSK	Orbis Analytics	Verdantix
Carbon Trust	Hampshire County Council	PA	Verdantix
Centrica	HCL	PEe north west Europe	Virgin Atlantic Airways Ltd.
Charmont	Henderson Global Investors	PE-International	Virgin Management Ltd.
CICS	HM Treasury	Pell FC Engineers	Wilbury Stratton
CIRIA	HVCA	PeopleProfitPlanet	
City of Dearborn	Imperial College NHS Trust	Pinewood Group	
Cool Earth	Imperial College London	Platt	