



Business Plan 2020-2025
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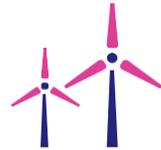
9th December 2019

Our Ambition

Our plan will deliver significant gains, aligned with the five priorities we set out last year and remaining inside the £37.7m funding and £17.6m collateral limits



We will deliver **£66m*** **social value** for Bristol by FY24/25 through our supply chain, employment and community partnerships, with **£40k** via the Fuel Good Fund in the next year



We will drive decarbonisation for Bristol and beyond, **saving 1.9 million tonnes** of CO₂e by 2025 through **green** tariffs, and generate **£3m** to invest in local carbon reduction



We will more than double our residential base to **213,000 customers** by 2025, with the same or lower core overhead costs



Our Business division will embed and deepen our Bristol-focused strategy, build strong relationships with our customers and **more than double our B2B revenue to £42m** by 2025



Our Energy Services offerings will deliver **£1.5m operating profit** by 2025, led by our pioneering Heat Network services



*During the period of this plan till FY24/25 including £42m local economic benefit

Our distinctive purpose drives success

We have refreshed our values, and with a new leadership team in place we have a robust plan to deliver the next stage of sustainable growth

OUR VISION

We will create a **sustainable** energy company that has **social value** at its heart



OUR VALUES



PROFIT FOR PURPOSE

We are delivering on our mission of **profit for purpose**, tracked through three key dimensions:



Profitability: To be a commercially efficient business, and provide an income stream for Bristol City Council



Reduced Carbon Emissions: To support a carbon-zero Bristol by 2030 through new infrastructure and innovative services*



Social Value in Bristol: through our supply chain, employment and community partnerships

* The carbon reduction impact of our core supply and Energy Services plans is currently in development, and will be materially affected by the outcome of the City Leap opportunity

Market Context

The market remains competitive and dynamic, and will transform by 2025

Failures continue with several smaller suppliers exiting the market in 2019 – e.g. Eversmart, CESL, Solarplicity, OurPower

Unprecedented public action and climate emergency declarations are driving a race to '100% green' across the market

Unintended consequences? Big 6 slashed prices in August, perhaps linked to unforeseen customer churn

Continuing Trends

Market Exits

Climate Action

Defensive Incumbents

Market Transformation

Mergers & Acquisition

Politics

Policy & Regulation

Mergers & acquisitions continuing, led by Octopus, OVO and Shell; trend of increasing tech integration across value chain

Radical energy industry proposals in national party manifestos; Bristol mayoral and council elections in May 2020; Continued Brexit uncertainty

Major policy movement anticipated on industry standards, in line with sweeping market transformation in the coming years

The market continues to be competitive and our strategy is designed to account for this, with a detailed review of key sensitivities and strategic risks.

Our plan must deliver stable and optimised operations in the short term, plus agility to thrive in a transforming market

How we will execute – Three Key Themes

Three core themes underpin how we will operate and deliver on our social value purpose: relentless customer focus, eliminating inefficiency and growing Energy Services

Three key delivery themes....



1. Relentless Customer Focus

- Focus on attracting the customers we want, powered by customer insight and targeted marketing
- Re-organise our teams for increased customer focus, and leverage ICS membership



2. Use Insight, Eliminate Inefficiency

- Use insight to target action on root cause issues and key value levers
- Drive digital-first, scalable processes maximising automation



3. Diversify into Energy Services

- Build new Energy Service offerings with highest priority on carbon reduction impact
- Deliver and expand value from leading opportunities led by Heat Network services



...driving enhanced **Social Value** across:

- *Society & Communities in Bristol*
- *Decarbonisation*
- *Local Economic Impact*

Stabilising the core business as a solid foundation for growth

BE 'Strategy on a Page'

Our strategy starts with our purpose and distinctive strengths to define a sharp market focus, and integrates this with how we will operate to deliver maximum impact

Vision & Purpose

What do we, our customers and stakeholders care about?

- Decarbonisation – C-Zero 2030
- Social Value in Bristol
- Strong financials



Our unique strengths

Where do we have / can we build a distinct competitive advantage?

- Strong local ethical brand
- Bristol relationships
- Access to the cityscape (BCC enabled)
- Among greenest suppliers (opp to improve)

Market Focus

Considering our purpose and key strengths, where should we focus?

Target customers

- Bristol first – build local scale with engaged Bristol customers, inclusive tariffs for social goals
- National second – DD only, 100% digital journey
- Aligned values

Core Marketing Themes*:

- We are green leaders – addressing climate emergency
- We stand for public benefit – profit for purpose

New Service Development Priorities

- Areas where we have scale/relationships – eg Heat Network, local infrastructure
- Maximum carbon impact, acceptable financials

How we will execute

What principles underpin our approach?

Relentless Customer Focus

- Focus on the customers we want
- High impact cross-channel marketing & customer engagement
- Re-organise our teams for increased customer focus, and leverage ICS

Use Insight, Eliminate Inefficiencies

- Use insight to target action on root cause issues
- Drive digital-first, scalable processes maximising automation
- Build high performing learning culture for continuous improvement

Diversify into Energy Services

- Build ES offerings prioritised on carbon impact
- Step up our green sourcing (PPAs, offsetting, green gas)

Targets**

What metrics will we use to track our performance?

- Key metrics will be defined, and are likely to include:
- **Financial** (rev, cost, margin, etc)
 - **Customer** (Bristol %, CSat, NPS, Trustpilot, etc)
 - **Social Value & Carbon** (CO2e, BE footprint, etc)
 - **Employee** (Engagement, absence, recruitment...)
 - **Strategic Programmes** (ES, IT, Smart, etc)

Key Enablers

- Detailed plans per dept
- Governance & accountability.
- Insight & scalable tech
- Organisation & Culture

* These themes will be developed as part of our refreshed marketing plan, and will focus on what sets us apart in the eyes of our target customer segments

** Work is underway to define the critical set of metrics and target values across levels for stakeholder reporting and leadership review down to prioritised operational focus

Stepping up our Social Value

Our key delivery themes will enable us to drive greater value across society and communities in Bristol, decarbonisation and local economic impact

Bristol Society & Communities



Our new green tariffs will generate ~**£300k by FY20/21** and ~**£3m in total by FY24/25** to spend on carbon reduction initiatives in Bristol – funded by customers' 'carbon additionality' contributions*



£40k additional funding for social projects in FY20/21



Educational programmes with **20 schools** in FY20/21



Delivering **10 ward related projects** in FY20/21

Decarbonisation



Delivering **100% Green electricity and low carbon gas** for all our customers



Saving **>200,000 tonnes** of CO₂e in FY20/21 and **1.9 million tonnes** by FY24/25 supported by PPAs



Minimising and **offsetting** our business carbon footprint by Summer 2020

Local Economic Impact



Currently supporting **67 renewable providers** with PPA contracts



Helping local customers save money with **20,000** more Bristol accounts by 2025

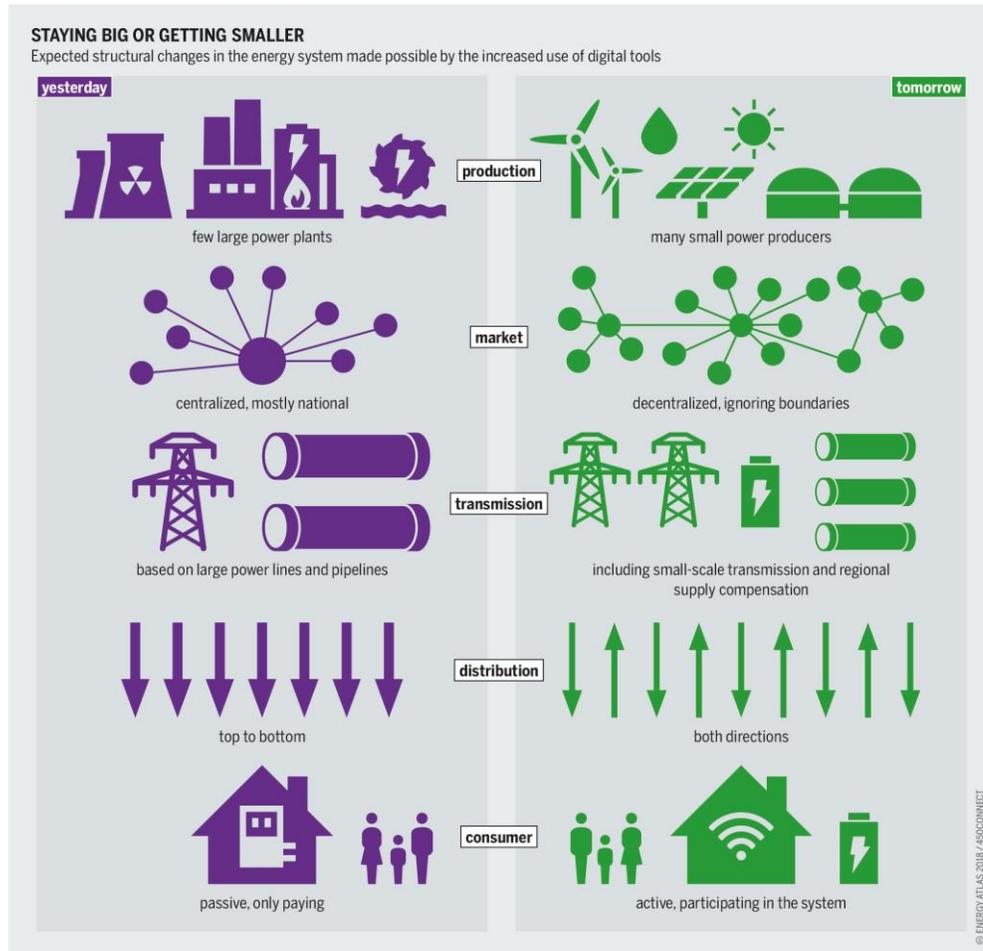


Generating **£36m** local economic impact by FY24/25 through employment & supply chain

*This is separate from the Fuel Good Fund. It broadly assumes 60% of customers pay £1/yr, and 40% of customers pay £5 in the initiative. Roll out and Marketing of this new fund is currently in development

Market Context & Focus

Fundamental shifts started in the energy market and our vision for Bristol



- To create an interconnected, low-carbon, smart and resilient energy system
- To increase the deployment of renewable energy and low-carbon technology, particularly heat networks, energy efficiency and transport.

City Leap to bring investors in to accelerate distributed energy asset deployment

