

The Good Energy Group plc Impact Report June 2013

The SSE Impact Report The Framework Social Impact Report for Good Energy plc June 2013

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1. CEO overview

Good Energy's core retail proposition is to supply 100% renewably sourced electricity. The Company guarantees to match the electricity supplied to customers through the national electricity grid with power generated from renewable sources over the course of a year. It has both business and domestic customers. Good Energy believes that this creates value for the environment in addressing climate change, for UK energy security, through generation of power in the UK.

a. Organisational Summary

Good Energy Group plc is listed on the Alternative Investment Market of the London Stock Exchange and is based in Chippenham, Wiltshire. The Company's core business is to utilise the UK's renewable energy resources to help consumers make a difference in tackling climate change, whilst contributing to the UK's long-term energy security objectives.

To deliver this, the Company's activities include:

- Supply of 100% renewably sourced electricity to the national electricity grid, to match the Company's customers' forecasted electricity demand.
- Investing and developing renewable electricity generation projects that increase the amount of renewable electricity supplied to the UK electricity grid.
- Purchasing 100% renewable electricity from independently owned, small and medium sized electricity generators.
- Administering the Feed-in Tariff (FIT) scheme to facilitate customers' own generation of renewable electricity.
- Supply of gas through the Company's Gas + tariff, with revenue used to assist the development of the UK's nascent renewable heat sector.

The Group divides these activities into three key business segments: the supply of electricity and gas, renewable power generation and FIT administration. In 2012, the Group's turnover was £28.2 million, an increase of 31% compared to 2011.

b. Commitment to Social Value

Good Energy's aim has always been to help tackle climate change by giving people the choice to purchase electricity from a supplier that meets their demand using power generated from the UK's renewable sources. Good Energy has sought to be a pioneering renewable energy company in the following ways:

- As the country's first electricity supplier dedicated to meeting customer demand from 100% renewable sources over a 12 month period. Good Energy now has over 32,000 electricity customers and remains the only supplier with this commitment.
- The Company is an administrator of over 46,000 homes, businesses and communities generating their own renewable electricity.
- In January 2013, Good Energy launched the UK's first dedicated local electricity tariff linked to a wind farm to benefit local residents financially.
- At a time when world energy markets face significant challenges, the Company has developed new ways to engage ordinary consumers with their energy use, through facilitating domestic scale renewable electricity and heat generation by its HomeGen and HotROCs schemes and raising public awareness of renewable electricity by participating in the Green Energy Supply Certification Scheme.

Good Energy's commitment to keeping the planet habitable and ensuring that its business contributes to a more sustainable world runs through the DNA of the Company. The Company believes that the transition to a decarbonised energy market is best delivered by using the UK's renewable energy resources to deliver lasting energy self-sufficiency.

Good Energy believes that its mission resonates with more and more people as it caters for an ever-growing customer desire for more sustainable and ethical businesses.

Good Energy is committed to disclosing key information about its environmental and social impact through an annual Impact Report and ongoing communications with the Company's investors and other stakeholders. Good Energy believes its values and vision are aligned with the objectives of the Social Stock Exchange, and the Company hopes to work with the Exchange as a Member in a joint effort to keep the planet habitable and ensure its business contributes to a more sustainable world.



Juliet Davenport OBE
Chief Executive

2. Social Purpose and Context

a. Environmental and Social Purpose

The challenge

39% of the UK's carbon emissions come from energy supply. This makes the sector the country's biggest single contributor to those emissions.¹

The UK is blessed with significant renewable energy sources, but compared to our European neighbours these are currently under utilized by our energy market.²

Consumers are increasingly aware of the cost of their energy, the need to reduce the UK's carbon emissions, the challenges caused by rising global energy demand and increasingly volatile international fossil fuel prices.

Good Energy's vision

Good Energy aims to provide consumers with the choice to help tackle climate change and to help make the UK more energy self-sufficient choosing an energy supplier that is committed to increasing the amount of renewable electricity in the UK electricity mix.

To fulfill its customers' demand, Good Energy partners with independent renewable generators as well as developing its own renewable generation assets, contributing to the UK's energy security and climate change objectives in the process. It seeks to offer consumers innovative products and services that allow them to benefit from the deployment of renewable technology, which is a core strategy for the UK to reduce its carbon emissions.

¹ Breakdown of UK CO2 emissions by sector (DECC 2011)

² The EU aims to get 20% of its energy from renewable sources by 2020. The UK is currently 25th of the 27 EU Member States in terms of the amount of energy it uses to meet its needs.

Good Energy's mission to achieve its vision can be summarised in a single impact model as follows.



To achieve the impact model above, Good Energy delivers specific activities in three main areas:

1. Demand:

Good Energy aims to grow its total customer and generator base. In doing so, the Company is ensuring it fulfills its objective of using the power of the market and consumer demand to help tackle climate change.

2. Supply:

Good Energy targets the development of a portfolio of 110MW of wind, solar and potentially small hydro generation assets by 2016. By developing its own renewable generation assets the Company increases the supply of renewable power to the UK's electricity system, helping reduce that system's carbon emissions and increasing energy self-sufficiency and security.

The Company has developed, and has plans to develop further, renewable sites:

- It invested £11.8 million in repowering its Delabole Wind Farm in Cornwall in 2010. The wind farm now supplies enough electricity to power approximately 5,500 homes.
- Its development pipeline currently includes around 35MW of onshore wind and up to 200MW of solar projects.

- In January 2013 it announced the £3m acquisition of an onshore wind site near Doncaster with planning consent to build four wind turbines, enough to power approximately 4,800 homes, and is in the process of constructing that site.
- It has recently consulted on solar and wind farm proposals for what could be Cornwall's largest renewable energy project.
- It seeks to provide a good quality route to market for small and medium scale independent renewable generators. In offering what it aims to be an equitable price for the power that these projects produce, the Company helps many of them secure the project finance necessary for them to be developed in the first place.

3. Innovation:

Good Energy believes that the UK's renewable energy resources have the potential to transform its energy system and economy. The Company's view is that decentralised and diversified electricity generation is the most effective way to harness the UK's renewable energy resources to decarbonise the UK's energy system, improve our energy self-sufficiency and so improve the UK's energy security.

To achieve this, consumers must engage with the source of their energy more directly than is currently the case. Good Energy's products must appeal to consumers to realise this ambition. To do this, Good Energy must innovate and create interesting products that facilitate this engagement. Good Energy is continually innovating. Examples of the Company's activity in this area are:

- In 2004, Good Energy introduced HomeGen, its own precursor to the Government's Feed-in Tariff (FiT) scheme, to help domestic consumers generate their own renewable electricity. After the Government introduced the FiT scheme in 2010 the Company used its experience in administering HomeGen to significantly expand its service offering to a new generation of 'prosumers' of renewable electricity.
 - In September 2008, Good Energy introduced its HotROCS scheme to support the UK's nascent renewable heat generation sector. The scheme makes payments from its Gas+ tariff to those choosing to generate their own renewable heat. The Company also campaigned for the introduction of a national scheme; the Government's domestic Renewable Heat Incentive is now scheduled for launch in 2014.
 - In January 2013, Good Energy was the first company to launch a local electricity tariff for communities living close to a wind farm. Residents who live near to its Delabole Wind Farm are offered a local electricity tariff which offers a 20% reduction on the Company's main tariff. The Delabole Local tariff will also provide an additional 'windfall' if the wind farm generates over a certain amount of electricity over a year. The Company is committed to offering a local tariff at its wind farm projects over 4MW in size.
 - The Company has publicly placed tariff innovation at the heart of its business plans. It is currently developing new heat pump and electric vehicle tariffs to link electricity demand and technology in a way that benefits consumers.
 - Through its membership of the Green Energy Supply Certification Scheme (GESCS), Good Energy invests in small-scale biomass projects that replace existing oil powered installations in schools, businesses and community facilities.
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b. Strategy and business planning

Good Energy's three main areas of business activity are directly aimed at tackling the challenges of rising energy costs, reducing carbon emissions and improving the security of supply.

The Company's CEO and Board seek continual improvement in the performance of the business's activities to achieve its social objectives. The Company currently has three formal methods to ensure continuity and to track compliance with its social purpose:

First, on an internal basis, the CEO receives monthly reports from all departments of the business. The CEO reports on Good Energy's progress to the Board at meetings scheduled throughout the year.

Second, Good Energy publishes a Values Report to report on activity related to the Company's ethical and social impacts. The Values Report is produced by the Company, approved by the CEO and then made available on the Company's website for public scrutiny.

Third, its Annual Report provides an opportunity for the Company to report to shareholders and customers alike its progress towards its short and medium-term commercial objectives. The Company's environmental and social impacts are inextricably linked to its business and financial purpose, as increasing the Company's customer numbers, increasing the amount of electricity supplied to the electricity grid from renewable sources and creating innovative products achieve environmental, social and business ends. The Company's planning processes serve the consumers' interests including positive environmental outcomes.

3. Stakeholders

Environment and Social Purpose – engagement and communication with Stakeholders

Good Energy's business involves a variety of stakeholders, including individuals and organisations that could be affected by or affect the Company's activities, products and services, and associated performance.

Good Energy communicates with its stakeholders throughout the course of its business. Some processes are formalised and some, by their nature, are informal arrangements.

Good Energy has identified a range of stakeholders, and the table below outlines the Company's relationship to key stakeholder groups and how it engages with them to identify and respond to their needs.

Stakeholders	Description
The environment	<ul style="list-style-type: none"> • Good Energy has identified the environment as the ultimate 'beneficiary' of its business activities. • Good Energy's corporate reporting system centres around monthly board meetings called 'Gaia' meetings. The idea behind this name is that the company is reporting back to 'Gaia', as the environment. • Good Energy accepts the scientific evidence in favour of anthropogenic climate change and therefore recognises the need to reduce greenhouse gas emissions. • There is a need to ensure that Good Energy's renewable energy development plans mean that the natural environment close to those projects benefit from those sites in the long-run.
Customers	<ul style="list-style-type: none"> • Good Energy's customers are crucial partners in its mission to reduce CO2 emissions, and their electricity demand is matched on an annual basis with electricity sourced from renewables. • Ensuring that energy consumers are more engaged with their energy use is a core part of its mission. Good Energy is unique in the UK energy market, in that it has more customers who generate their own renewable electricity than it does who only buy electricity from Good Energy has a supplier. • Good Energy also places an emphasis on high levels of customer satisfaction as a key performance indicator. Good Energy is in daily contact with its customers through its Customer Care team. Their concerns and issues are the responsibility of the Company's Head of Customer Operations. • It is also in regular dialogue with consumer organisations to discuss and address any issues that they might raise.
Good Energy's generators	<ul style="list-style-type: none"> • Good Energy sources most of its electricity from approximately 500 independent renewable electricity generators many of which are owned by private businesses and local communities. • Good Energy has a dedicated team to manage contracts with the largest of those generators, called Power Purchase Agreements. • The Good Energy team liaises with and assists generators on a regular, one-to-one basis, from inception of generator development projects through to the operation of Power Purchase Agreements.

Local Communities	<ul style="list-style-type: none"> • Good Energy has a responsibility to the communities where it develops renewable generation sites. Good Energy will adhere to its Renewables Development Charter to engage with communities near the renewable generation projects it proposes.³ • Good Energy holds consultations with local communities in order to proactively seek local residents' viewpoints and meaningfully and substantially inform development and operation of renewable generation sites. Good Energy has run 11 consultations at its development sites in 2013.
Staff	<ul style="list-style-type: none"> • Good Energy's staff are integral to its business. Good Energy runs the 'Good Energy Academy' which aims to improve staff knowledge about the energy industry and the challenges it faces. Since January 2013, 60% of new starters have been part of this programme, and Good Energy wants to increase this to 100% by 31st March 2014. • To ensure Good Energy's values continue to drive the company in all respects as it grows, the Company also intends to engage staff in the process of formalising its ethical and social impact policy.
Investors	<ul style="list-style-type: none"> • Good Energy has a variety of shareholders, including both institutional and customer investors. • Good Energy issues an Annual Report for its investors and carries out a series of investors presentations. • The investor presentation allows investors to give direct feedback to the senior leadership of the Company and have various questions about the performance of the business answered.
Government	<ul style="list-style-type: none"> • The UK Government has committed itself to the legally binding target of reducing greenhouse gas emissions by 80% by 2050 based on 1990 levels. • Good Energy seeks to provide feedback to the Government and engage with Parliamentary committees in order to maintain an ongoing discourse on the direction of energy and climate change policy. • Good Energy has an External Affairs team part of whose remit is to manage this relationship.
UK Energy Grid	<ul style="list-style-type: none"> • The national electricity grid and regional distribution networks are a stakeholder in Good Energy's business by reason of transmitting electricity and gas sourced/ supplied by Good Energy. • Good Energy works with both the national electricity grid and the regional distribution networks, in order to understand and engage on industry issues. • Good Energy is also the small energy supplier representative on the board of the energy industry trade association, EnergyUK.

³ Good Energy's Development Charter ensures that the Company's work on new renewable energy sites provides tangible benefits to the local community, accounts for local opinions, and improves local eco-systems. More information is available at goodenergy.co.uk.

4. Who benefits

Below is an outline of some of the key beneficiaries of Good Energy's work, their identified needs, and detail as to how they are affected.

Beneficiary	Identified needs	Outcomes and engagement
1. The Environment	<p>To reduce anthropogenic climate change and keep the world a habitable place.</p> <p>To ensure that Good Energy's increasing of the amount of renewable electricity in the UK electricity grid does not adversely impact on the natural environment.</p> <p>Good Energy wants to help the UK reach its legally binding target to reduce greenhouse gas emissions by 80% by 2050 on 1990 baseline levels. This is not just good for the environment, but also for the UK.</p>	<p>Last year, Good Energy's customers' electricity annual consumption was matched with 100% renewably sourced electricity.</p> <p>Reducing carbon emissions from electricity generation is key to protecting the environment from climate change. Developing new sources of renewable electricity generation to replace existing carbon-intensive methods of generation helps facilitate this.</p> <p>Good Energy recognizes that the construction of new renewable energy projects can have an adverse impact on the local natural environment. Around all of the Company's development projects it seeks opportunities to develop bio-diversity action plans to create, enhance and improve habitats, restoring ecosystems and allow wildlife to thrive.</p> <p>Biogeneration and electricity procurement policies ensuring that those independent generators Good Energy buys power from adhere to environmental and sustainability standards.</p> <p>Good Energy tracks the amount of carbon emissions the UK produces. The Company's business aim is to contribute to a reduction in emissions.</p>
2. Customers	<p>Customers' energy demands to be supplied reliably.</p> <p>Renewable technology remains the most popular form of electricity generation in the UK⁴ and demand for renewable electricity continues to grow.</p> <p>High level of service from Good Energy.</p>	<p>Good Energy's 32,000 customers' electricity demand is matched with 100% renewable electricity. This is valuable to the Company's customers who are interested in environmental outcomes because it is the Company's unique selling proposition and Good Energy is the only company presently committed to this proposition over a 12 month period.</p> <p>Good Energy seeks to provide customers with a high level of customer service. Good Energy has ranked top in the Which? Customer Satisfaction Survey for energy suppliers for three out of the last four years. In 2013, the Company was the only supplier to score top marks for helping customers reduce their energy bills.</p>

⁴ YouGov & Sunday Times poll. February 2013. <http://www.renewableuk.com/en/news/press-releases.cfm/2013-02-10-yougov-poll-proves-renewables-still-the-popular-choice-after-epic-week-for-wind>

3. UK (Government)	<p>Good Energy wants to help the UK Government reach its legally binding target to reduce greenhouse gas emissions by 80% by 2050 on 1990 baseline levels. 39% of the UK's carbon emissions come from the energy supply sector. The sector is the biggest single contributor to those emissions.</p> <p>Improved long-term UK energy security through increased energy self-sufficiency, and reduced reliance on imported fossil fuels.</p> <p>In 2010, the UK Government identified that the UK energy sector needed £110bn of infrastructure investment by 2020 in order to decarbonise the energy sector and improve energy security.</p>	<p>Good Energy helps the Government achieve these objectives:</p> <ol style="list-style-type: none"> 1. By meeting consumer electricity demand by contracting with independent generators, providing a route to market for new renewable energy projects and investment in the UK market. 2. By investing in new renewable energy binfrastructure directly. 3. By providing a gas product that supports investment in renewable heat projects 4. By investing in biomass projects that replace conventional oil, gas and coal systems. 5. By acting as a vocal advocate for the benefits of renewable energy, both to the consumer, the energy market and the wider UK economy. 6. By supporting a Good Energy PhD studentship at Birkbeck College, University of London. The aim of providing this studentship is to support thought leadership related to renewable energy.
4. Generators		
4.1 Microgenerators	<p>Investment in renewable electricity generation.</p> <p>Displacement of electricity generated from carbon-intensive sources.</p>	<p>Good Energy now provides support services for 46,000 (some 12% of the market) of the UK's small and medium-scale renewable electricity generators. Many of these are microgenerators, using renewable technology to meet either all or part of their electricity needs. Good Energy has a dedicated Feed-in Tariff team that receives and works on issues raised by the Company's Feed-in Tariff customers.</p> <p>Facilitating microgeneration at this scale has two key outcomes:</p> <ol style="list-style-type: none"> 1. It unlocks private investment in renewable electricity generation that would otherwise go unmobilised. 2. It displaces the need for properties & businesses to purchase electricity from the wider electricity system, which remains c. 85% reliant on non-renewable sources of electricity generation.
4.2 Small and medium sized generators	<p>Investment in renewable electricity generation.</p> <p>Displacement of electricity generated from carbon-intensive sources.</p> <p>A good price for electricity generated, in order to secure project finance.</p>	<p>Around 70% of the Company's power is sourced from medium-scale renewable generators who are typically businesses, social housing or community organisations. As with micro-generation, this brings wider systemic benefits.</p> <p>Good Energy offers Power Purchase Agreements (PPA), that state the level of income a generator might receive. Such agreements assist generators to receive financing. Good Energy has a strong reputation for offering good rates for power generated, which can help provide project finance.</p> <p>Good Energy has a dedicated PPA team to contact potential generators and support them as they consider PPA issues.</p>

<p>5. Communities around Good Energy's renewable generation sites</p>	<p>Minimised adverse impacts from development of energy generators.</p>	<p>Good Energy develops its own renewable generation sites. The Company understands that wind and solar energy projects have the potential to divide local opinion, but believe that this is more likely if developers fail to engage properly with local communities.</p> <p>Good Energy adheres to its Renewables Development Charter. When the Company proposes a development, it wants to ensure that the community local to the site is informed, are fully consulted, and their views taken into account.</p> <p>Good Energy will run consultations at each development. The Company has held 11 consultations so far in 2013 and feedback received from the consultations feeds into the development of planning applications. In certain circumstances, the plans for a development site are altered through consultations and in response to feedback. Details of these alterations are specific to each development site.</p>
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Regulatory and policy context: Good Energy's unique contribution

As a licensed energy supplier, Good Energy faces both sides of the energy market, with the electricity generation and gas wholesale markets on the one side and the electricity and gas retail markets on the other. All exist within a comprehensively regulated framework. Policy is set by the Department of Energy & Climate Change and delivered by the market regulator, Ofgem, who also acts an enforcement body.

Good Energy's unique contribution comes from utilising its position to encourage the uptake of renewable electricity to help reduce the UK's carbon emissions from that market. It does so through the following regulatory and policy frameworks:

1. As a licensed energy supplier.

To supply electricity and gas, companies must hold a supply license whose conditions are enforced by Ofgem. Good Energy uses its position as a licensed energy supplier to match its customers' electricity demand with 100% renewable electricity over a 12-month period, and to provide an innovative gas tariff that encourages investment in renewable heat projects.

2. By facilitating the participation micro-, small- and medium-scale renewable electricity generation.

The Government's Feed-in Tariff and Renewables Obligation policies provide financial support for these projects. At a micro-scale, Good Energy's services help households and business meet either all or part of their electricity demand from directly own renewable technology. At a small- and medium-scale, Good Energy's electricity purchasing model provides a route to market for new independently owned renewable energy projects.

3. By investing directly in renewable energy projects.

Good Energy's development target of 110MW of new renewable electricity projects by 2016 will in part be supported by the Government's Feed-in Tariff and Renewables Obligation schemes. The Company's interaction with planning policy is governed by Good Energy's Renewables Development Charter.

Case study: Delabole Wind Farm

The brainchild of the Edwards family; Delabole wind farm in North Cornwall was developed as a greener alternative to plans for a nuclear power station in the area.

What began as a wild idea over the kitchen table ended with the family selling its 150-strong dairy herd and milk quota in order to part fund the investment needed for the project. Completed and commissioned in 1991, Delabole was the UK's first commercial wind farm.

Good Energy bought the wind farm in 2002 and has owned and operated it ever since. In 2009 the Company invested £11.8 million to develop the second generation of turbines on the site. The Edwards family is still closely involved with Good Energy, with Martin Edwards sitting on the board of the Group and in charge of maintenance at the wind farm site.



Project details

Original no. turbines: 10
Original capacity: 4MW
No. turbines after redevelopment: 4
Capacity after redevelopment: 9.2MW
Generation output:
Enough to power circa. 5,500 homes.
Project status: Redeveloped site operational since 2011

5. Activities and Operations

Good Energy undertakes a range of activities and operations to achieve its vision of providing consumers with the choice to help tackle climate change and make the UK more energy self-sufficient by sourcing 100% renewable electricity. As outlined in the CEO Overview, these include:

- Acting as a licensed electricity supplier which meets its customers' electricity demand from only 100% renewable sources on an annual basis.
- Investing and developing new renewable energy projects that deliver 100% renewable electricity to the UK electricity grid.
- Purchasing renewable electricity from independently owned, small and medium sized generators, providing them with the revenue necessary to function.
- Administering the Feed-in Tariff (FIT) scheme to facilitate micro-scale electricity generation by individual households and businesses, so that they can meet their electricity demand either wholly or partly renewable electricity.
- Supply of gas through the Company's Gas + tariff, with revenue used to reward the generation of renewable heat.
- Advocacy and other activity to support positive change and appropriate legislative frameworks for renewables.

The table below outlines how these activities deliver outcomes for Good Energy's beneficiaries.

Beneficiaries and Good Energy's engagement	Activities	Outcomes / (Changes expected for beneficiaries)
<p>1. The Environment Good Energy monitors announcements related to the UK's level of greenhouse gas emissions.</p>	<p>Sourcing customers' power demand from renewable electricity to reduce emissions and encourage investment in new sources of generation.</p> <p>Good Energy's Renewable Electricity Procurement Policy and Biogeneration Policy ensure that the Company's power is responsibly sourced.</p>	<p>Good Energy's generators supply electricity without the negative impact of greenhouse gas emissions.</p> <p>This helps reduce the carbon intensity of UK's electricity production, and potentially reduce carbon emissions in total.</p>

2. Customers

The Company seeks to attract customers to switch energy supplier to Good Energy.

Good Energy has invested in its Customer Care team to deliver a market-leading, high-quality level of service.

Good Energy's products & services:

Independent certification of the provenance of the Company's core product

Good Energy's main tariff – 100% renewable electricity – is independently certified by the Green Energy Supply Certification Scheme (GESCS). No other energy supplier in the country has made this commitment for its core tariff.

Ensuring the local communities directly benefit from renewable energy infrastructure

Good Energy's Delabole Local electricity tariff was launched in January 2013 and will always be 20% cheaper than Good Energy's standard electricity tariff. It also offers customers an additional 'windfall' credit of up to £50 for every year the turbines perform better than expected.

Only available to households within two kilometres of the substation at Good Energy's Delabole Wind Farm, it's the UK's first electricity tariff to put communities at the heart of renewable energy generation. This tariff is not certified by GESCS but is 100% backed by Renewable Energy Guarantees of Origin certificates and has allowed the company to reduce the cost of the tariff.

Gas + Tariff

Good Energy's dual fuel tariff is a combination of Good Energy's Gas+ tariff and its 100% renewable electricity tariff. Good Energy's gas supply is not sourced from renewables, but revenues used from Gas+ customers' bills are used to reward people generating their own renewable heat, the Company's HoTROCS scheme.

Good Energy's customers' electricity demand is matched with 100% renewable electricity on an annual basis.

Local communities benefit from discounted electricity bills.

Good Energy's customers' gas demand is met by a gas tariff, with a proportion of revenue generated used to promote renewable heat generation in the UK. This leads to the increased customer self-generation by customers of renewable heat.

3. UK (Government)

Good Energy wants to help the UK Government reach its legally binding greenhouse gas emission targets, and improve the security of UK's supply of energy by encouraging renewable electricity produced by small and medium sized generators.

Meeting customers' electricity demand using renewable electricity.

Facilitating the growth of micro-generation through the Feed-in Tariff scheme.

Around 70% of Good Energy's power is sourced from small and medium-scale renewable generators who are typically businesses, social housing or community organisations.

Good Energy has a target to develop 110MW of new renewable generation capacity by 2016.

All of these activities help encourage the use of renewable electricity in the UK, in turn helping reduce carbon emissions from the UK energy market.

4. Generators

Microgenerators

Good Energy has a dedicated Feed-in Tariff team that receives and works on issues raised by the Company's Feed-in Tariff customers.

Good Energy administers the Feed-in Tariffs for micro-generators – typically households and small businesses.

Good Energy offers a pre-build support service to FIT projects to provide financial modelling for potential generators.

Renewable micro-generation displaces the need for consumers to purchase electricity from the wider electricity grid, which still relies on carbon-intensive sources of generation. Some power is also exported back to the grid, and it facilitates private investment in micro-scale energy infrastructure.

Good Energy's service is widely acknowledged for helping facilitate the growth of this type of generation in the UK and so the industry required to support that growth.

Good Energy has worked closely with the social housing sector to deliver microgeneration facilities in some of the UK's poorest communities.

Small and medium sized generators

Good Energy has a dedicated PPA team and they contact potential generators and consider PPA issues.

Good Energy offers Power Purchase Agreements (PPAs) to small and medium sized generators. Many small- and medium-scale generators rely on good quality PPAs for project finance. Generators that do not obtain financing can struggle to construct their power plants.

Good Energy offers a pre-build support service to FIT projects to provide financial modelling for potential generators.

Good Energy provides a route to market for small and medium sized generators, which assists the development of electricity generation at that scale in the UK energy market.

5. Communities around the Company's renewable generation sites

Local stakeholders, including communities and residents, close to the renewable energy projects the Company proposes.

Good Energy adheres to its Renewables Development Charter. This commits Good Energy:

1. To engaging fully and openly with those communities closest to any proposed site and, where possible, considering alternative suggestions for the size, layout and presentation of that site.
2. To offer a discounted, local electricity tariff to those households closest to any onshore wind farm the Company develops that is over 4MW in capacity. The local tariff will be 20% cheaper than Good Energy's standard tariff. If the site performs well, an additional discount may be offered to reflect that. At other sites we will explore what opportunities there are for local communities to benefit from a discounted electricity tariff.
3. To ensuring that the sites Good Energy develops provide social investment either through community funds, direct investment from Good Energy or a combination of both.
4. To exploring opportunities to deliver community ownership of the sites the Company develops so that the greatest possible number of people are able to benefit from that development.
5. Around all of the Company's projects Good Energy will look to develop exciting bio-diversity action plans to create, enhance an improve habitats, restoring ecosystems and allowing wildlife to thrive for years to come.

Good Energy's consultation process ensures that all local stakeholders close to the sites the Company propose have the opportunity to feed their views back on them.

Good Energy's local tariff financially benefits local residents living close to wind farms over 4MW in size.

Good Energy can alter development plans based on consultation responses to minimise adverse impacts of development. Details of these alterations are specific to each development site. Good Energy complies with planning law.

Local communities can benefit from Good Energy's developments through community investment funds that are independently administered.

Targeted projects will improve local natural habitats and environment.

Certification and procurement policies

To ensure its activities deliver outcomes for its beneficiaries, Good Energy adheres to several different certification and procurement policies.

1. Green Energy Supply Certification Scheme

To fulfill Good Energy's customers' demand for 100% renewable electricity, the Company verifies the source of its electricity through the independently administered Green Energy Supply Certification Scheme (GESCS) and through the Company's procurement policies. The Company's customers are therefore assured of the Company's claims that its energy is both sourced from 100% renewable generators and is 'deep green'.

The GESCS scheme is independently administered by a panel of energy and sustainability experts who assess the range of green energy tariffs in the market, for more information please see www.greenenergyscheme.org.

A renewable supply tariff certified under the Green Energy Supply Certification Scheme meets three criteria:

1. All the electricity used by customers signed up to the tariff must be matched by renewable electricity bought or generated by Good Energy.
2. Good Energy must also contribute to a minimum level of additional environmental benefits for each customer.
3. Good Energy must sign up to the Green Energy Supply Certification Scheme and obey its rules on transparency and submitting its Green Supply Tariffs to an annual independent audit.

2. Procurement and Staff Policies

In addition to the GESCS scheme, Good Energy operates two procurement policies, a renewable electricity procurement policy and a biogeneration policy.

These policies provide customers with assurance that Good Energy's energy is responsibly sourced.

Renewable Electricity Procurement Policy	Biogeneration Procurement Policy
<p>Good Energy will ensure that all prospective generators meet with the following criteria:</p> <p>In the case of all technologies this includes:</p> <ul style="list-style-type: none"> • Compliance with planning regulations • Minimal sound, visual and ecological effects (e.g. minimal impact on wildlife) <p>In the case of small-scale hydro this will include:</p> <ul style="list-style-type: none"> • Assessing the water quality and flow • Measures to reduce flood risk • Measures to allow passes for aquatic life <p>In the case of wind energy this will include:</p> <ul style="list-style-type: none"> • Siting of wind turbines to minimise impact on bird populations <p>In the case of biogeneration this will include:</p> <ul style="list-style-type: none"> • All criteria set out in Good Energy's Biogeneration Procurement Policy <p>In the case of solar energy this will include:</p> <ul style="list-style-type: none"> • Land usage consideration - in order of preference Good Energy will support: <ul style="list-style-type: none"> - Building mounted site installations, - Multi-use, raised ground-based Brownfield/non-farmable, - Single-use, ground-based Brownfield/non-farmable, - Multi-use, raised ground-based farmable, - Single-use, ground-based farmable, 	<p>Good Energy's three Key Principles of the stages of Biogeneration are:</p> <ul style="list-style-type: none"> • Fuel Source - The biofuel to be used during the combustion process is grown, produced, and/or processed in an environmentally sensitive manner, in order to prevent non-natural biodiversity, damage to the environment, and excessive use of energy. • Transport - The transportation of the biofuel needs to be minimised in relation to the energy/CO2 emissions required to move the biogeneration fuel between growing, production and/or processing to the combustion stage. • Combustion - The biofuel energy conversion process should be as efficient as possible whilst minimising the emission of harmful gases and residues. <p>The following criteria are classed as variable requirements within the Company's procurement policy, but they are relevant in the case of certain types of biofuel:</p> <ul style="list-style-type: none"> • Biofuels must be from the UK. • The Land used for biofuel crops should not be better used for growing other more important food crops which might otherwise be imported from abroad. • The land used for growing biofuel crops must not be created by destroying natural habitat or reducing natural biodiversity.

The complete policies are available on Good Energy's website at [goodenergy.co.uk/switch/where-our-energy-comes-from/our-procurement-policy](https://www.goodenergy.co.uk/switch/where-our-energy-comes-from/our-procurement-policy).

Good Energy's Staff Policies

Good Energy's Staff Policies are made available to staff through the Company's Employee Handbook. These policies cover healthy and sustainable living, sustainable transport and waste. They provide guidance to staff in these areas.

Healthy and Sustainable Living	Sustainable Transport	Waste
<ul style="list-style-type: none"> • Good Energy offers subsidised corporate gym membership to members of staff that qualify. • The Company supports the Government's Bike to Work scheme. • Good Energy encourages all employees to enjoy the benefits of healthy eating. The Company provides fresh fruit for every department each Monday morning. • Good Energy employees organise sporting activities that are open to everyone. 	<ul style="list-style-type: none"> • Good Energy encourages employees to be proactive about reducing their own carbon footprint. • Good Energy encourages employees who are unable to walk or cycle to work to use public transport and offers: <ul style="list-style-type: none"> - Season ticket loan facilities to employees who qualify. - Good Energy operates the Government's Bike to Work scheme. - Good Energy encourages car sharing by offering car sharers a space in the company car park if available. 	<ul style="list-style-type: none"> • Good Energy believes that resources are precious and should not be used wastefully; wherever possible waste should be reused, recycled or composted. • The Company makes recycling facilities available within each team kitchen. • All departments have paper and cardboard recycling bins.

Alignment of revenue generation and delivering outcomes for beneficiaries

Good Energy's revenues are closely aligned with delivering environmental outcomes. For instance, each additional customer of Good Energy's electricity and gas products and the Company's FiT scheme necessarily increases both the proportion of UK electricity production derived from renewable sources and the level of Good Energy revenues.

By sourcing the Company's electricity from small- and medium-scale renewable projects, including some of the UK's leading community owned schemes Good Energy aligns the purchase of electricity for retail purposes with the dispersion of revenue from the generation of electricity, including revenue from Government support mechanisms, across the largest and widest number of organisations possible.

Good Energy's generation development projects help the Company provide certainty of wholesale pricing to offer more competitive retail prices for customers, allowing it to offer its products and services to a greater number of people and organisations to generate more revenue. Those projects can and do act as a vehicle for social and economic investment in communities where there are few, if any, alternatives. A local tariff for Good Energy's wind farms over 4MW in size provides a direct financial benefit for those living closest to a site.

6. Evidencing Social Value

Good Energy is committed to disclosing key information about its social impact through an annual impact report and ongoing communications with the Company's investors and other stakeholders. As outlined previously, Good Energy's vision and activities directly involve environmental outcomes and social and financial outcomes for a range of beneficiaries. Environmental and social outcomes are considered by Good Energy on an ongoing basis within its business and strategic planning processes.

Good Energy's current environmental and social impact reporting framework is outlined in the table below.

a. Evidence

Beneficiary	Outcome	Indicator	Results	Data Source
The environment	Reduced UK greenhouse gas emissions	Annual number (and percentage increase/decrease) of tonnes of CO ₂ -equivalent emitted in the UK	2012: 571.6 Mt CO ₂ e (3.5% increase)	Department of Energy and Climate Change
Customers	Increased demand for energy matched with renewable sources on an annual basis	Total number of Good Energy electricity customers	2012: 32,000	Good Energy Annual Report
	Increased customer satisfaction	Levels of customer satisfaction compared to other UK energy suppliers.	2013: Good Energy: 85%. Competitors: 39%- 80%	Third party feedback. For example, the Which? Energy Supplier Customer Satisfaction Survey
Generators	Increased number of generators earning income by generating electricity	Total number of Good Energy electricity generators	2012: 46.000	Good Energy data
Local Communities	Cost savings through 'Local Tariff'	Percentage (%) discount on Good Energy's Standard Tariff offered to households residing in the proximity of Good Energy supported generators with > 4MW capacity.	20% discount off Good Energy's standard tariff, available to consumers who sign up.	Good Energy data
	Funding for community projects	Minimum cash (£) amount available per MW to community funds for the community's allocation to their projects	£1,000 per MW of solar. £2,000 per MW of wind.	Good Energy
UK (Government)	Increased electricity supply generated from renewables	Annual proportion (%) of total UK electricity supply generated from renewables	2012: 11.3%	Department of Energy and Climate Change

b. Current management

The disclosures in this Impact Report are based on Good Energy's experience over many years. Disclosures are based on a number of sources, including consultation with stakeholders, customer data, and external evidence, such as conversion rates between electricity consumption and CO2 emissions.

Good Energy will report on progress against these disclosures on an annual basis, and will update the indicators used as its understanding of outcomes improves and as available data improves.

c. Future plans

Good Energy currently measures its primary environmental outcome, namely tonnes of CO2-equivalent emitted by the UK, as reported by the Department of Energy and Climate Change.

However, as a result of preparing this report, Good Energy has committed to strengthening its environmental and social impact measurement and reporting framework as part of its wider commitment to build on its social and ethical procedures during the course of 2013-14. Specific commitments include:

- Developing new internal and external mechanisms for reporting on Good Energy ethical and social impact policies.
- Determining the feasibility and effectiveness of measuring further outcomes, such as:

Environment:

- Good Energy's impact on reduced UK greenhouse gas emissions. Calculating the contribution of increased renewable energy to reduced GHG emissions is complex and there is little robust evidence in the UK of the exact carbon savings that can occur within the specifics of the UK energy production make-up. However, Good Energy commits to determining the feasibility and effectiveness of measuring the extent of its contribution to reduced emissions.
- Reduced energy importation for the generation of electricity in the UK, by assisting localised, distributed power generation.
- Changes in energy use by individual consumers after installing renewable micro-generation technology.
- Natural environments improved by Good Energy Renewable Development Charter bio-diversity action plans to improve natural habitats, restore ecosystems, and allow wildlife to thrive.

Customers and electricity generators

- New products and services offered by Good Energy that help consumers manage and reduce their energy use.
- Number of households eligible for Good Energy products that offer a financial saving.

Communities

- Any adverse impact of site development and mitigations through use of the Good Energy's Renewables Development Charter.
- Support for renewable energy projects that directly benefit community facilities.

Staff

- Extent of staff engagement through formal staff committee processes.
- Impact of the Good Energy Academy.

Government and infrastructure

- Impact on amount of renewable distributed generation in the UK.
 - Impact of engagement with UK Parliamentary committees and other actors influencing energy and renewables policy and legislation.
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7. Other issues

None

8. Acknowledgements

This report was prepared in collaboration with the social impact consulting team at CAN Invest, part of the social enterprise CAN.
