



SOCIAL POWER

POWER FOR THE PEOPLE

Retail offering overview

Power and Gas
30th September 2015

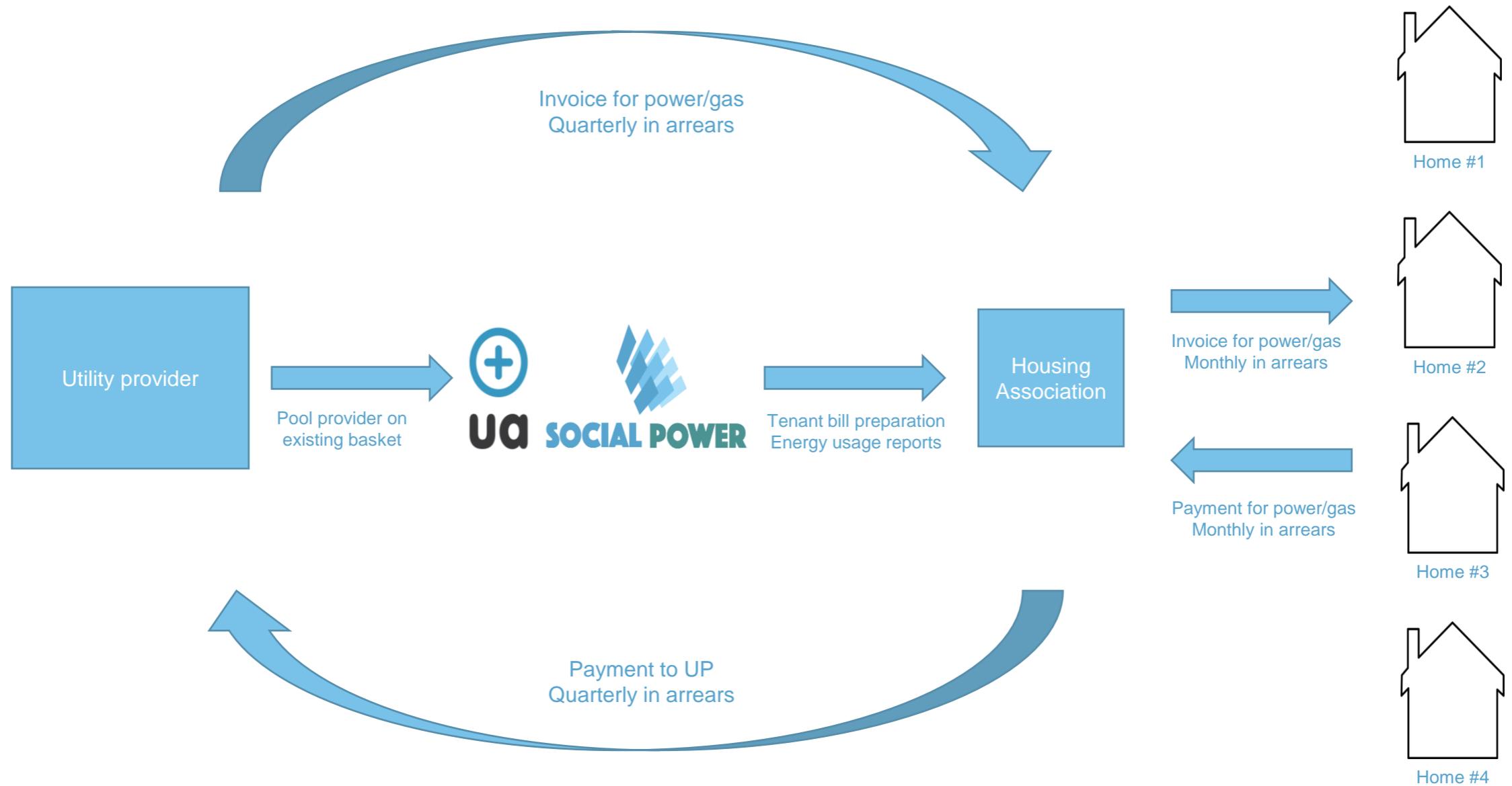
Social Power Partnerships

Working hand in hand with UK Housing Associations

Commercial basket approach

- Move properties from a retail offering to commercial basket to achieve an improved electricity price or Transfer Comparison Rate (“TCR”).
- UA would manage this process through their switching service.
- Physical meters would be installed to allow for commercial pricing.
- Housing Association would be billed quarterly in arrears, while tenants would be billed monthly in arrears.
- Our partner Utility Aid (“UA”) would manage bill preparation for the Housing Association.
- Credit exposure would be managed by the Housing Association:
 - Build buffer through increase in standing charge
 - Billing tenants monthly while paying supplier quarterly, gives time to collect from difficult accounts.

Process flow



Project participants & responsibilities

Utility provider

- Utility Provider (“UP”) contracts with Utility Aid (“UA”) under their existing Pooled Basket
- UP contracts with Housing Association (“HA”) to supply power/gas
- UP invoices HA for power/gas usage, quarterly in arrears



- UA and Social Power Partnership (“SPP”) have an established partnership agreement
- UA/ SPP contract with HA
- HA’s properties added to UA’s existing energy basket
- UA undertake monthly bill preparation
- UA undertakes analytical energy reports

Housing Association

- HA contracts with UA/SPP partnership
- HA invoiced by UP quarterly in arrears
- HA invoices tenants on monthly basis and collects money



- Tenant signs up for HA branded utility
- SPP replace meter in property
- Tenant pays HA monthly in arrears

Comparison between retail and commercial pricing

	Consumption (annual)	Typical TCR (kWh)	Commercial TCR (kWh)	Saving (percentage)
Power	3500	16p	10.5p	34.3%
Gas	11500	4.25p	2.75p	35.3%

Benefits of being in a commercial basket

- Delivers substantially lower prices to tenants, currently 35% compared to typical retail rates
- The option to fix prices for 1-3 years, giving the tenant the ability to budget long-term
- Very low off peak rates available in a similar offering to Economy Seven, again with the option to fix for three years
- As the pool is already running, the HA can add one property at a time and still benefit from bulk purchasing
- UA's quarterly energy reports will give the HA an additional insight into their tenants consumption habits and financial management
 - Low usage might suggest a health risk to a vulnerable tenant and allow the HA to offer timely support and advice
 - High usage might indicate poor energy management or issues with the boiler or general efficiency of the home
- These reports will also tell the HA much about the comparative energy efficiency of its housing stock

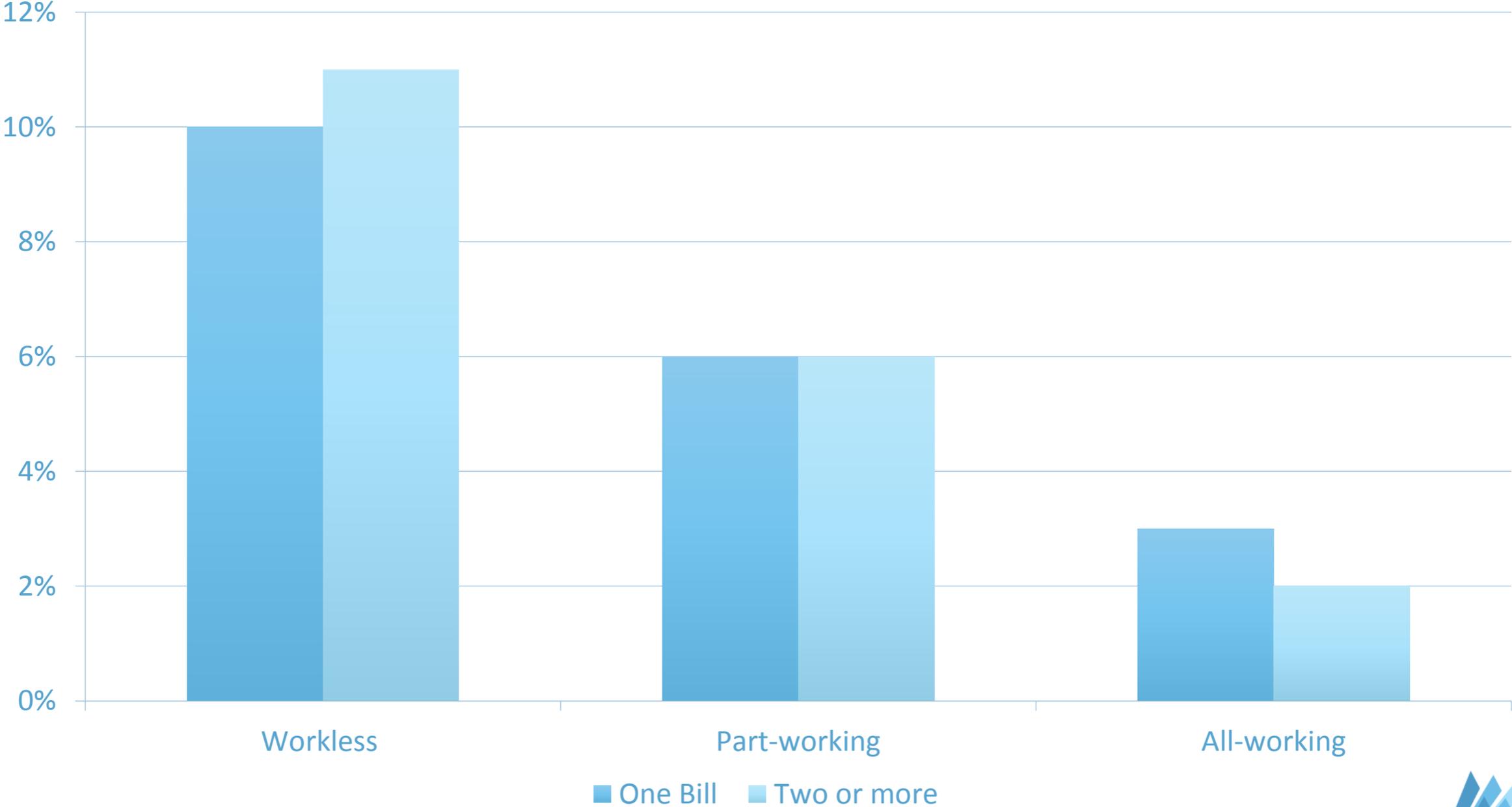
Risks and Mitigation

- Part of the benefit of moving to a commercial basket stems from the ability of the HA to take the credit risk on the tenant.
 - This is something the HA is accustomed to through rent and, in some cases, water rates collection.
- The pooling system allows mitigation through an increase in the daily standing charge to the credit of the HA account. 75% of this income can be released up front to act as a credit buffer.
- Billing tenants monthly allows the HA to collect two months charges in advance of its quarterly bill.
- UA's quarterly reporting will give the HA an insight into energy usage and to allow for early intervention.

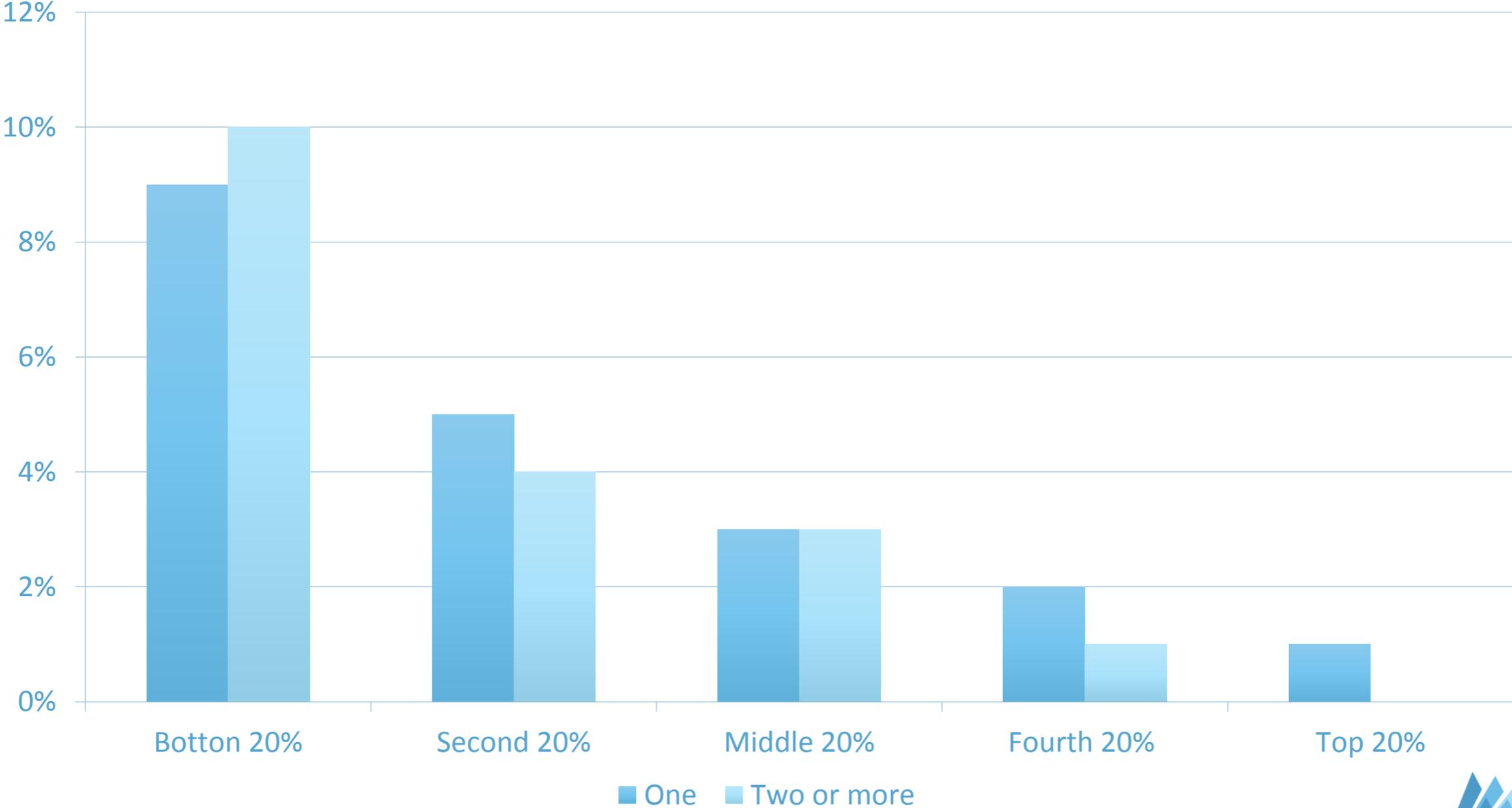
Understanding Arrears

- The charts that follow illustrate arrears by working status, income and utility service.
- Those in the bottom 20 percentile of income are likely to be in 10% arrears for one bill and 11% in arrears for two or more bills.
- For those in arrears in this sector of the population, they are likely to be around 35% behind on Gas and Power.
- Assuming the worst case scenario that if in arrears for one bill it is always gas or power; then we can assume that on average, arrears for the bottom 20 percentile is around 5%.
- We know this figure will improve if at least one member of the family is in part time employment.

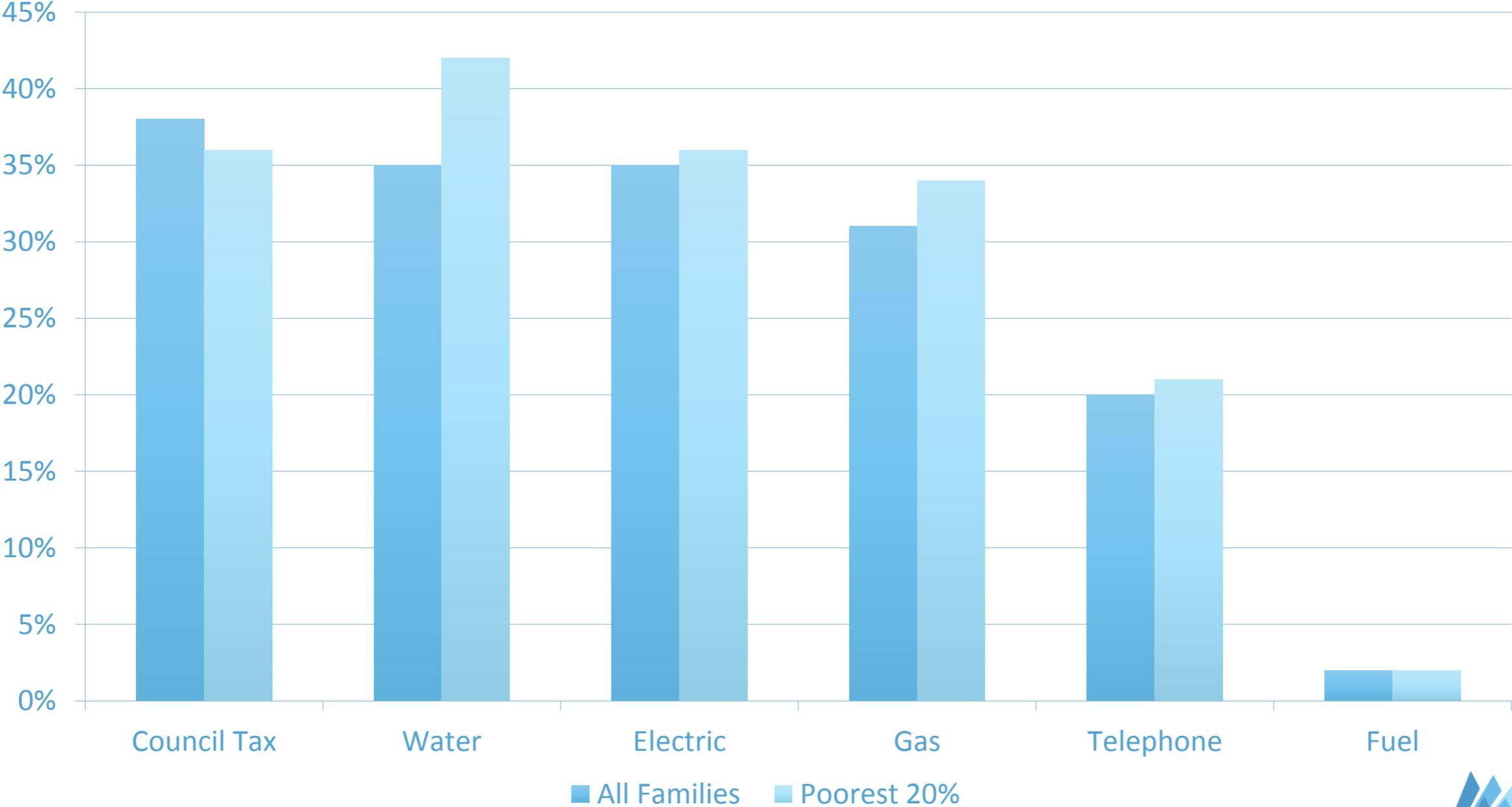
Arrears by working status



Arrears by income percentile



Arrears: proportion per service



Why arrears are likely to fall

- If energy is cheaper, more people should be able to afford the service.
- Tenants have a closer relationship with their HA than the big six and are therefore more likely to pay them.
- HA's are typically more efficient at collecting money than service providers. This is why so many utility companies pay HA's to collect on their behalf.
- Tenants are likely to build an association between their utility bills and their rent, as both are issued by the HA. It may be perceived that if they do not pay for their energy, they are risking the roof over their head.
- Monthly billing allows HA's lots of data on consumption and payment. Forewarning HA's to potential issues arising.
- Analysis of data will help HA's to understand the risk that vulnerable tenants are facing, and solve problems before these tenants become a financial issue.

Social Power management team

Toby Costin: CEO

Toby@social-power.co.uk

- 14 years experience in the energy markets trading and advising of gas power and coal, including running 3 power stations while at RWE
- 3 years experience of funding and advising on green energy ventures

Chris Harris FCA: Finance & Commercial Director

Chris@social-power.co.uk

- 28+ years in the energy, finance and commodity markets (power, coal, oil & gas, and metals).
- Principal investor and directorships in multiple investments, including start-ups, including a 5year directorship of a mid-sized UK power utility.

David Eyre: Technical Director

David@social-power.co.uk

- Over 9 years experience of evaluating and developing renewable energy projects in the UK and Africa, including large scale roof top PV projects.
- Early training and competency development undertaken at Zurich Financial Services and Misys Financial Systems.

Michael Eyre: SPP Advisor

- Formerly responsible for engineering quality within UK's CEGB and later National Power.
- Extensive experience, have delivered \$30Bn+ (current & former roles) large scale energy projects in UK and over 10 international locations.

Nigel Haig Brown FCA: Finance Controller

- Qualified chartered accountant. 23 years in audit & consultancy advising wide range of businesses.
- Last 17 years as finance manager, running accounting departments, with focus on the SME sector.