

The background of the cover features a landscape with solar panels in the foreground, two wind turbines on the left, and a sunset sky with a bright sun on the right.

SmartestEnergy 2020

Annual Report

Foreword



Welcome to SmartestEnergy's Annual Report taking a look back at the successes of 2020.

Naturally, I have to mention that the past year was a very difficult one for us all with the rise of a global pandemic unlike anything in living memory. However, we're also very pleased to say that we adapted very quickly to the new landscape, enabling our business to continue as usual from our own home offices, spare rooms and garden sheds!

This pandemic has also had a profound effect on the UK's energy markets. As workplaces across the country shut their doors from spring to summer, the UK saw record low levels of power demand. This created a completely new scenario for National Grid ESO to manage, whereby supply was outstripping demand on a regular basis, leading to the need to turn down generation to balance the system.

As more renewables connect to the grid and all generate at the same time when weather conditions are favourable, this scenario will become increasingly common, meaning we have, in fact, had something of a snapshot into the future.

This has also acted as a catalyst for decarbonisation too, with much talk in energy now surrounding the green recovery and net-zero targets. We have been both off-taking and supplying renewable power for a long time now and have sought to provide the benefits of our experience in our recent fast track to net-zero campaign, enabling businesses to take steps to address their impacts on the climate.

A stylized, handwritten signature in grey ink, appearing to read "Robert Groves".

Robert Groves, CEO
SmartestEnergy Limited

I'm proud of how SmartestEnergy has adapted to these most unusual of times and look forward to the possibility of returning to something approaching normality in 2021 when we will be celebrating our 20th anniversary.

On our part, we've also taken the next step ourselves this past year by offsetting the carbon emissions associated with our own business activities. We're proud to have accounted for our scope 1, 2 and 3 emissions by investing in the Xenamnoy 1 Hydropower Project in Laos, meeting three UN sustainable development goals in the process.

We haven't lost sight of our obligations to our employees either. Despite our lack of physical interaction, our Smartest Balance Programme continues, ensuring that our teams are sufficiently diverse to bring multiple viewpoints to our decision making, both here in the UK and across our new international offices.



2020 Highlights



01.

Despite the challenges posed by COVID-19, **SmartestEnergy remained fully operational**, delivering optimal services to customers and consultants across the globe.



02.

SmartestEnergy UK launched its digital PPA product, supported by online trading technology, **SmartFlex**



03.

Dual Energy rebranded to **'SmartestEnergy Business'** with the launch of its new website presence for SME businesses



04.

SmartestEnergy Australia secured milestone **deal with CEP.Energy** for 400MW Battery Storage Virtual Power Plant (VPP)



05.

SmartestEnergy US became members of The Energy Professionals Association (TEPA)



06.

We welcomed over 4,000 UK energy professionals to 24 **virtual events** throughout the year



07.

Our electricity supply customer, **Cambridge Colleges**, prioritised procurement of local renewable energy from solar farms owned by our customer, Toucan Energy, in a new Specific Renewables deal



08.

In a **record year for renewable energy labels**, we issued 2,000+ labels to UK business sites for them to evidence their renewable credentials



09.

In November 2020, our **podcast 'SmartestEnergy Talks'** celebrated its first birthday with ~2,500 listens recorded



10.

Over the course of the year, our popular and long-standing **blog** received over 16,000 views



SmartestEnergy UK



Industrial and Commercial



Smart Generation



Business

Industrial and Commercial (I&C)

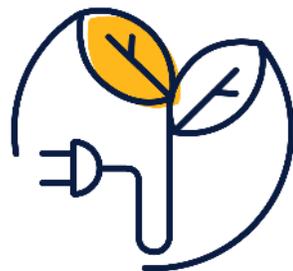


As industrial and commercial businesses look ahead to rebuild following the COVID-19 crisis and net-zero continues to rise up the agenda, we've been working with our customers and consultant partners to lead the way to net-zero, empowering businesses to deliver against meaningful net-zero carbon targets.

Supporting energy consultants

We see it as our responsibility as an energy supplier to lead the transition to net-zero. We continue to build on our existing relationships and create new ones with energy consultants, to equip them with the products and services their customers need to start their net-zero journey.

Our Flexible Framework product, which is available for consultants and customer groups, means businesses can benefit from flexible procurement as part of an easy-to-manage framework that can be tailored to customers' individual needs. We have Flexible Frameworks with 28 energy consultants with a combined volume of 2.4TWh, that's over a third of our total I&C supply volume. We are also seeing an increasing uptake in 100% renewable frameworks as businesses are becoming even more sustainability-minded, and we see an emerging expectation across the supply chain.



I&C in numbers:

5.1%

I&C supply market share; ranked 8th

6,652

GWh contracted annual volume

14,555

MPANs supplied

+23

Net Promoter Score

We worked with the **Cambridge Colleges** and their energy consultants, World Kinect Energy Services, on a bespoke renewable supply arrangement, connecting all 33 colleges, spanning 130+ sites, to local solar farms owned by Toucan Energy, who are also one of our power purchase customers.



"We're delighted the Cambridge Colleges team found what they were looking for in our certified Renewable Specific product. We've worked closely with the Cambridge Colleges and their energy consultants, World Kinect Energy Services, to ensure the contract meets their bespoke requirements."

Nathan Dad

Head of I&C Supply Sales

[Click here to learn more](#)

Birmingham Net-Zero

We are proud to be one of the partners for Birmingham Net-Zero (BNZ), a five-step proposition led by Experienced Energy Solutions, with a pledge to get 2,000 businesses started on the road to net-zero in the next five years.

Our role is to provide a market-leading Renewable Energy Framework (aka Basket) so these like-minded organisations have a product that meets their energy procurement requirements and fast-tracks them on their net-zero journey. We look forward to inviting Experienced Energy Solutions to join us on our podcast to share more information about this exciting campaign in February 2021.

We also collaborated with energy consultants, Zenergi, helping **Oasis Community Learning**, one of the largest multi-academy trusts in England, get closer to becoming carbon neutral by switching to renewable electricity.

With net-zero in mind we are working with consultants on Bespoke Renewable Portfolios, specifically for public sector organisations, connecting them to local independent renewable generation sites.



Celebrating 20 years of SmartestEnergy!

This year we celebrate SmartestEnergy's 20th birthday. Established in 2001, we launched our Power Purchase business, which means we now have 20 years' worth of trading and commercial experience. We hope to host some physical events in the Spring/Summer to celebrate our 20th birthday with our valued customers and partners.

Smart Generation

As SmartestEnergy continue to focus on customer experience and technology innovation, we reached a significant milestone in 2020 with the launch of our first digital Power Purchase Agreement (PPA), enabled by our online trading portal, SmartFlex.

With 400MW of capacity now contracted on our digital FlexiPPA product, we are proud to offer our customers an effortless online trading experience. Our technology platform, powered by industry experts, Jules Energy, enables our customers to respond to market movements instantly, helping to maximise the value of their generation assets.

We concluded 2020 with a landmark deal for the Smart Generation team, adding 185MW of wind capacity to our SmartFlex platform in a recent partnership with Ventient Energy. This new contract involves a sophisticated hedging strategy for some of its assets via SmartFlex and participation in the Balancing Mechanism for up to 12 years.

We are successfully trading our customers' gas peaking assets in the Balancing Mechanism (BM). We now have over 110MW in this near real-time market, consistently ranking in the top five amongst our competitors month-on-month.

Smart Generation in numbers:

9%

renewable independent market share; ranked 4th

3.1

GW of live contracted generation capacity; 2.5 GW is renewable

1,281,234

equivalent British households powered (based on our expected annual volume)

150+

MW of flexible capacity under management and 110MW in the BM

+39

Net Promoter Score



"As the largest European independent generator of onshore wind energy, we're passionate about supporting the UK's transition to net-zero carbon by using the latest tools available to manage our assets and maximise their potential. Our Asset Managers are looking forward to leveraging SmartestEnergy's SmartFlex Platform participating in this near real-time market to ensure we do everything we can to support the upkeep of a robust energy system."

Mark Jones
CEO, Ventient Energy

We proudly signed a PPA with **Biffa** in February 2020 for their Newhurst site, and went on to sign a second PPA with the Biffa/Covanta partnership for their new Protos energy from waste (EfW) facility in December. The 15 year PPAs were secured after highly competitive tenders and will see SmartestEnergy purchase power from both these Leicestershire and Cheshire EfW sites up to 2035.

In collaboration with the I&C Division, our Smart Generation team have been engaging with our PPA customers to actively source local renewable generation for businesses with specific supply requirements, such as a specific technology type or region. From 1st October 2020, our long-term customer, **Toucan Energy**, started providing all 33 of the Cambridge Colleges with local solar power from two of their solar farms, within a 30 mile radius of the university.

Long-term partnerships and building new relationships

Our long-term partnerships are a testament to the high level of customer service the team provide on an ongoing basis, as well as the competitive products and services we continue to offer. Throughout 2020, we extended our longstanding partnerships with Viridor, Foresight, Ineos and the Lithgow family in Argyll.

With the successful launch of SmartFlex, we also onboarded new customers, such as Hammars Hill Wind Farm in Orkney. Notably, working with Channel Partners, such as Greenspan, we added their first hydro site, Innerhadden, to a FlexiPPA contract via SmartFlex, which will pave the way for additional growth in 2021.



Celebrating 20 years!

This year we celebrate our 20 year anniversary. Since we launched our Smart Generation division in 2001, we have developed a wealth of commercial experience and trading expertise, which makes us well equipped to provide our customers with the products and digital tools they need to access to the most profitable energy markets.

Prioritising the technical enhancement of our SmartFlex platform and building relationships with operators of complex generation portfolios and consultants, we will continue to champion the growth of the independent renewable sector to achieve the ambitious net-zero targets set out in National Grid's Future Energy Scenarios Report.

Business (formally Dual Energy)



Following our acquisition of Dual Energy in December 2019, we went on to announce its official rebrand to 'SmartestEnergy Business' in September 2020, alongside the company's registered company name change to SmartestEnergy Business Limited.

Integrating the SmartestEnergy Business Division with our existing supply business – now known as our Industrial and Commercial Division – we went live with the [SmartestEnergy Business website](#), which showcases its leading product offering, online customer portal and dedicated small business service.

Its primary focus is continuing to deliver stand-out customer services to the UK SME (small and medium-sized enterprise) community and proudly concluded a successful year with a record high Trustpilot score of 4.4/5, rated 'Excellent'.

In October 2020, with the support of a unique trading arrangement with SmartestEnergy Limited, SmartestEnergy Business launched its [gas shipping service](#). We are now able to provide a more competitive range of product and pricing options to even more UK SME customers.



“

“Having the capability to trade gas has its obvious commercial advantages, but for us the real excitement surrounds our customer pricing strategy. The team have worked incredibly hard to ready the systems and operation for our shipping capability, and I'm delighted that we are able to launch with a set of competitive tariffs, helping business consumers to keep their costs low at this very difficult time.”

Jonathan Corbishley
Commercial Director

Amidst the challenges faced by the pandemic, the Business Division continues to grow. In addition to the enhanced support offered to its customers throughout the pandemic, they remain focused on helping customers receive accurate bills through the use of smart meters - which automatically provide real time energy consumption.



The Business division joins the wider SmartestEnergy team across our London and Ipswich offices in celebrating our 20th anniversary – now boasting 30 years of combined UK energy industry experience!

Business in numbers:

594

GWh of contracted volume

24,679

MPANs supplied

4.4/5

Trustpilot review score, rating 'Excellent'

Our Sustainability Credentials



Renewable Product Fuel Mixes



Our Carbon Footprint



Carbon Offsetting

Renewable Product Fuel Mixes



The charts on this page show the fuel mix of our SmartestEnergy Limited supply products for the 2019/20 reporting period.

We remain committed to our 100% renewable products which are independently certified by the Carbon Trust. This means we continue to provide annual Energy Labels to our Industrial and Commercial supply customers on renewable contracts, enabling them to report zero scope 2 greenhouse gas (GHG) emissions.

It's also been great to see the impact greater levels of renewables on the grid are having on our overall fuel mix as time goes on.

Nowhere is this more visible than in the make up of our conventional product. Year-on-year, the scope 2 emissions associated with this have fallen an incredible 80% from 141gCO₂/kWh to 27.1gCO₂/kWh.

When combined with our renewable products, this means SmartestEnergy's total fuel mix for 2019/20 had associated scope 2 emissions of just 12.4gCO₂/kWh, something we're very proud to be reducing each year as we strive towards net-zero.

As part of the launch of our fast-track to net-zero campaign, we have continued to support international sustainable energy through our annual e-card donation to [Renewable World](#). This aims to help provide readily available renewable energy across the world, addressing climate change and poverty in tandem.

Specific renewable fuel mix



Natural renewable fuel mix



Standard renewable fuel mix



Conventional fuel mix



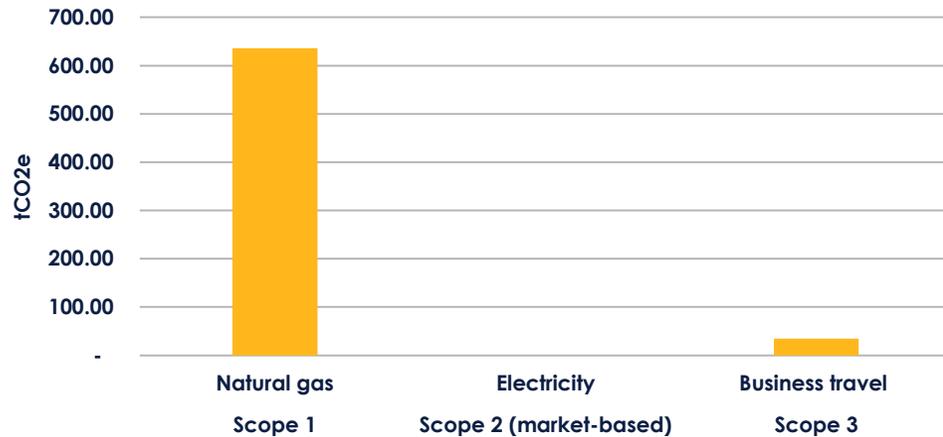
SmartestEnergy overall fuel mix



SmartestEnergy's Carbon Footprint



SmartestEnergy Greenhouse Gas Emissions 2019/20



This year marks a new juncture for SmartestEnergy Limited in so far as it is the first year we have offset the carbon emissions associated with our own business activities.

In years gone by, we have retired REGOs to account for the emissions associated with the conventional electricity supply to our Ipswich office. However, in needing to report on our transport-based emissions under the Streamlined Energy and Carbon Reporting Framework, we have decided to go a step further and actively use carbon offsets to mitigate our environmental impacts as we aim to become a more responsible business.

The Canary Wharf Group (CWG) who own the Columbus Building in which our UK Head Office is based, have also announced a net-zero by 2030 target.

CWG have been working with the Science Based Targets initiative this year to align their 2030 emissions goals with the Paris Agreement's aim of reducing climate change to below 1.5 degrees Celsius.

This is to be achieved by replacing natural gas as the source for heating across the Group, as well as transitioning its fleet away from petrol and diesel vehicles.

Although the likes of SmartestEnergy are already supplied with renewable power, CWG will ensure all downstream assets are also switched to reflect this, alongside reporting its climate impact and risk in line with the Task Force on Climate Related Disclosures by 2024.

Xenamnoy 1 Hydropower Project

We have purchased gold standard carbon offsetting certificates from the Xenamnoy 1 Hydropower Project in Laos to account for our scope 1, 2 and 3 GHG emissions.

This will provide wider benefits for the project's local community in helping to implement a water supply programme for the villagers.

By reducing the reliance on burning wood to generate power, this also helps reduce levels of deforestation in the area.

In all, the project reduces 48,000 tCO₂e (annually) which would have otherwise been emitted, whilst it has so far provided 85,000MWh to the Laos energy grid – enough clean electricity to provide for the power requirements of 110,00 people in Laos every year.



Our international businesses



SmartestEnergy US



SmartestEnergy Australia

SmartestEnergy US



2020 has been a year of exponential growth for SmartestEnergy US. The team has grown from 20 to 35 employees across Trading, Sales, Finance and Operations.

SmartestEnergy US is now live in five states: New York, Pennsylvania, Ohio, New Jersey and Illinois. They are also licensed in another three: Maryland, Delaware and the District of Columbia.

In the past year, the Sales team built relationships with brokers across all these states and successfully went on to close their first sales in Pennsylvania, Ohio and New Jersey. At the close of 2020, they had 1,400+ active meters on supply and 423GWh under contract, with their retail customer portfolio having grown significantly throughout the year.

SmartestEnergy US has recently signed an agreement with **Green-e** to launch their 100% Voluntary Renewable RECs product this year, laying the foundations to transition their customers to net-zero.

As new members of The Energy Professionals Association (TEPA), CEO, Andy Cormie attended the National Annual Conference and hosted a well-attended virtual 'meet and greet'. He also joined the Executive Roundtable with some of the top US industry leaders.

The US team continue to focus on expanding their Trading and Risk Management capability and growing their Retail Business function this year, both geographically and from a product perspective. They are currently working on entering ISO NE (New England) and applying for licenses in an additional five states (Connecticut, New Hampshire, Massachusetts, Maine and Rhode Island).

Focusing efforts on new product development, they will also be introducing flexible, complex contracts with pass-through cost structures to further enhance their product offering.

SmartestEnergy US was honoured to be a featured interview in the Ronald McDonald House Charities of Central New York, "Many Hearts at Home" TV special in November, having made a donation to help local families and frontline healthcare workers during the COVID-19 pandemic.

SmartestEnergy Australia



Following on from our expansion into the US, SmartestEnergy also officially launched in Australia in 2020. With the team now up to 20 members, the business has grown impressively in a short space of time.

Despite having to contend with wildfires on top of COVID-19, the team have achieved exceptional levels of success in obtaining the necessary licences to operate in the Australian energy market in eight months and won their first customer in nine months – a record time!

At the close of 2020, SmartestEnergy Australia's supply business secured over 50GWh of contracted volume, which includes 50+ customer meters.

Chief among the many achievements however is the **Memorandum of Understanding signed with CEP.Energy** to embark on the construction of one of the world's largest battery storage projects.



Large scale VPP project

SmartestEnergy Australia will manage and operate the first 400MW of batteries delivered in the Virtual Power Plant (VPP) located in various industrial parks across the country.

Future plans suggest the battery bank could grow to a 1GW capacity in total.

In early 2021, the team are moving to a new Head Office in

Sydney and will be continuing to focus their efforts on developing viable alternatives for wholesale, retail and generation customers.

As Australia moves towards an energy system facilitated by renewables, gas, hydrogen, and storage, SmartestEnergy Australia is well positioned to use its experience in helping the country decarbonise its energy system.



“As a next generation energy company, we're delighted to be associated with this largescale and innovative project led by CEP.Energy in Australia. It will shape the way renewable energy generation and storage projects are delivered at scale leveraging the latest technology.

Being one of the world's most advanced energy markets, Australia provides the perfect setting for flexible energy projects like this as the world looks to meet the goals set out in the Paris Climate Agreements.”

Robert Owens, CEO
SmartestEnergy Australia



Future Outlook



Although COVID-19 has had a huge social and economic impact globally, in more positive news, a recent UK report has revealed that two 2020 lockdowns have resulted in a 7% decline in carbon emissions, an estimated 2.4 billion tonnes.*

SmartestEnergy are committed to driving the transition to net-zero carbon, providing the products and tools our customers and partners need, for both electricity supply and independent generation, to help reduce carbon emissions at a global scale.

Our shareholder, the Marubeni Corporation of Japan have also committed to promoting initiatives that contribute to combatting climate change.

Shaping the energy landscape for 20 years

Throughout 2021, we will be celebrating 20 years of SmartestEnergy, hoping to host some events later in the year to mark this exciting company milestone.

With plans to continue shaping the energy landscape, our global teams will be focusing on new product development, technology enhancement and delivering exceptional customer experience to maintain our excellent customer satisfaction scores**

Smartest Balance Programme

One of SmartestEnergy's ambitions is to become a company which embeds a culture focused upon equality, diversity and inclusion. To ensure we build an accepting and enjoyable workplace for all, we've established a global programme called 'Smartest Balance'.

The aim of Smartest Balance is to develop the best inclusive practices that promote equality and diversity, whilst maintaining compliance with national legislation. Related investments underpin initiatives that will create a supportive work environment and diversity across all levels and departments.

As an asset light energy company, employees remain our only asset, so investing in them and their success will support the Group as a whole in delivering on its commitment to net-zero and meeting customers' evolving needs as the energy landscape becomes more complex and requires a heightened level of participation.

*Research by the University of East Anglia, University of Exeter and the Global Carbon Project.

** +39 Net Promoter Score for SmartestEnergy Smart Generation Division; +23 Net Promoter Score for SmartestEnergy I&C Division; and 4.3/5 Trust Pilot Score for SmartestEnergy Business.

Contact us

Please get in touch if you would like to discuss any element of this report. Our financial fact sheet is available upon request.

✉ info@smartestenergy.com

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