

Newsletter – Spring 2011

Welcome to Torse's quarterly Newsletter - Bringing you the latest information of both of internal affairs and markets news and events.

We welcome feedback to this edition and contributions to future publications. Please email info@torse.co.uk.

Energy Rationing – Nationalisation next...?

A recent report from a parliamentary committee states a new system of energy rationing is required to fully tackle fuel poverty and ensure cuts in greenhouse gas emissions. With a growing gap between oil consumption and supply, current consumption levels are simply unsustainable.



The introduction of Tradable Energy Quotas (TEQs), where credits are issued to all adults would “ensure fair and equal entitlements to fuel and energy”. They would work by assigning a common rating to all fuels and electricity, based on the level of greenhouse gases generated by their use. A ‘carbon budget’ would set the rate of emissions reduction and fuel use. All surplus TEQs could be bought and sold, meaning there is no limit placed on the number of credits an individual could own. Both public and private sector organisations would be required to bid for their credits via a weekly tender.

Shaun Chamberlin, Director of the Lean Economy Connection and author of the report, suggests, “Tradable Energy Quotas are the only way we can reduce carbon emissions and at the same time guarantee that everyone gets fair access to limited energy supplies”.

The proposed idea are attracting cross-party support and remain on track for implementation in 2012/13. It comes as the UK have become established as a net fuel importer; and can be seen as the first step towards nationalisation of the hugely profitable energy industry.

In an environment where the existing oligopolistic ‘big six’ suppliers are perceived to be beyond the influence of legislation, this can only be seen as one of several required actions, in which Government intervention is still needed to create a truly competitive market.

CRC Energy Efficiency Scheme – Latest

The UK Government has announced its intention to simplify the design and operation of the scheme in light of stakeholder feedback about its perceived complexity and corollary costs. Thus, a period of ‘consultation’ has taken place, in which relevant contributors could provide recommendations and possibilities to further develop the practical side of the initiative.



First we heard that allowance payments of full participants would no longer be recycled, essentially creating a ‘green stealth tax’, then the first year of allowance trading was delayed until 2012. We are still waiting for the complete review to be released, but as and when it is you can be sure Torse will bring you a unique, independent view on proceedings.

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Threat! Significant Price hikes!

The 2011-2012 indicative tariffs have recently been released by electricity distributors – showing an average increase of 9% for half-hourly customers and up to 12% for non half-hourly. However, the changes vary widely by region, non-domestic rates in the south-east are expected to dramatically increase, and those in the south of Scotland and Yorkshire are set to fall. Once thing you can be sure of is that the suppliers won't be keen to absorb these costs and are highly likely to be passed on to the clients.

Green businesses to thrive in 2011

2011 looks to be a pivotal year for green organisations and the low-carbon economy. A recent poll shows optimism in the growing commercial opportunities provided through the market for green goods and services. However, despite this, there is a general consensus amongst respondents that a lot falls on the UK Government's ability to deliver on their pledges.

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Energy Reporting Update

Torse is pleased to announce, one of our energy monitoring & reporting clients has hit its 6 month targets and is on due course to exceed its yearly targets by a significant margin. The east-midlands based organisation, which manufactures and distributes computer processors, tasked Torse to assist in its objectives of reducing existing energy consumption by a challenging 16%.



Torse's online consumption reporting facilities has allowed up-to-date information at their fingertips, whilst Torse's guides to increasing energy efficiency has allowed them to really see the true benefits to going 'green'. New technologies have been introduced, processes and procedures have been analysed and the new operations put in place are really starting to bear fruit.

Mr Dixon, Operations Director, states, "Torse's involvement in our on-going ability to reduce our electricity and gas expenditure has been phenomenal. The reduction has had a number of positives for us, namely the reduction in overheads providing substantial gains even at this early stage. It has also benefitted our customer perception. With Torse's guidelines of communication our efficiency efforts with both existing and potential customers, this has had hugely positive consequences for our overall brand awareness and driven greater volumes of traffic to our website".

Declining supplier support and the ECOES

Amongst an industry of reduced client support from energy suppliers, Torse today understands new issues arising within the marketplace in that some suppliers are no longer willing to furnish Torse with regards to client information requests. When asked to elaborate, it was simply put down to a resource issue, given the number of client requests received. Unfortunately, that is generally what happens when you reduce client support resource expenditure! Torse's answer to this is the National Electricity Database (ECOES), allowing us to successfully manage and maintain the required information. This is just another example of how the ever complex and fragmented industry generates issues for energy brokers across the UK. Torse's forward thinking and dynamic capabilities have been able to successfully negotiate the issue and even generate greater levels of value for our clients.

Smart Meters - Update

The UK Government aims for all commercial properties to



have Smart Meters installed by 2020. Despite this, some suppliers and 3rd parties are aggressively approaching clients with a view to committing you to unnecessarily long and expensive contracts. We urge anyone being asked to change their meter to contact us – 0115 910 9190 – we offer independent and impartial advice, allowing you to make informed decisions. Alternatively, please visit the Torse website.

Torse recruitment opportunities

Following Torse's move to a new premises and in-line with our consistent growth, we are now looking for talented individuals to join our team to deliver the exceptional levels of service Torse have become renowned for.

For more information please visit www.torse.co.uk/careers.

Contact Torse



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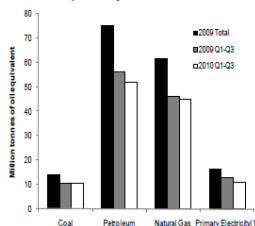
Torse's move to Grade II listed building

Torse's move to the Grade II listed building in the heart of Nottingham is slowly but surely progressing towards completion. The building has taken vast amounts of preparation but is now set to provide Torse with a vibrant new workspace in which our continued growth and success can thrive. Torse expect to fully move premises by the end of March, more details will be released as and when are available.

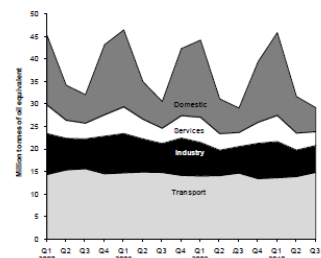


Energy Market Review

Chart 1.1 Production of indigenous primary fuels



- Total production in the third quarter of 2010 was 35.5 million tonnes of oil equivalent, 1.8 per cent lower than in the third quarter of 2009.
- In the third quarter of 2010 production of coal and other solid fuels was 6.0 per cent higher than in the third quarter of 2009.
- Production of petroleum was 6.2 per cent lower in the third quarter of 2010 than in the third quarter a year earlier.
- Production of natural gas rose by 9.6 per cent between the third quarter of 2009 and the third quarter of 2010, reflecting low production in 2009.
- Primary electricity output in the third quarter of 2010 was 23.8 per cent lower than a year earlier, within which nuclear electricity output was 28.6 per cent lower and output from wind and natural flow hydro was 14.7 per cent higher.
- Total final energy consumption increased by 0.2 per cent between the third quarter of 2009 and the third quarter of 2010.
- Industrial energy consumption increased by 1.2 per cent.
- Transport energy consumption increased by 1.0 per cent.
- Domestic sector energy consumption decreased by 1.8 per cent.
- Service sector energy consumption decreased by 1.3 per cent.



Gas

UK spot gas prices rose as Norway's biggest gas platform, Troll, shuts temporarily overnight. Just as UK analysts and gas brokers were talking about how reliable and important Norwegian gas supplies have been to the British gas market this winter. Two weeks of unexpected outages and shut downs in Norwegian gas platforms and gas processing plants made the rollercoaster of UK gas prices move again.

LNG

The steady and strong supply from Norway drove down inputs from LNG terminals resulting in lower withdrawals from our storage centres, which helped ease the concerns of gas brokers over supplies for the rest of the cold season. Santos, the Australian energy group, is expected to launch its \$16bn LNG project imminently after striking a 20 year gas supply deal with Korea Gas, the largest buyer of LNG worldwide.

Electricity

The market is extremely volatile as high demand and concerns over potential supply loss add on-going risk to wholesale energy prices. This could be balanced by further supplies of LNG and a shift in weather patterns. You should closely monitor both the gas and electricity markets, and select an opportunity to secure offers at a time when prices present a good offer.

Torse is one of the UK's leading independent energy brokerage and consultancy organisations, having placed over 100,000 business energy contracts since 1994 and providing hundreds of on going clients with full service energy solutions.

At Torse, we specialise in providing our clients with a professional, reliable and independent service, ensuring you gain both the purchasing and energy management package your business will benefit from.

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