

Focussing on the issues that matter to your business. In this issue: **Power Cuts and Price Rises** examines energy supply and demand, we look at the current state of **Fracking** and there's news on a **Mini EMS** scheme from [Nottingham Energy Partnership](#). Also there's a [Green Deal update](#) and a [Biomass tech](#) review.

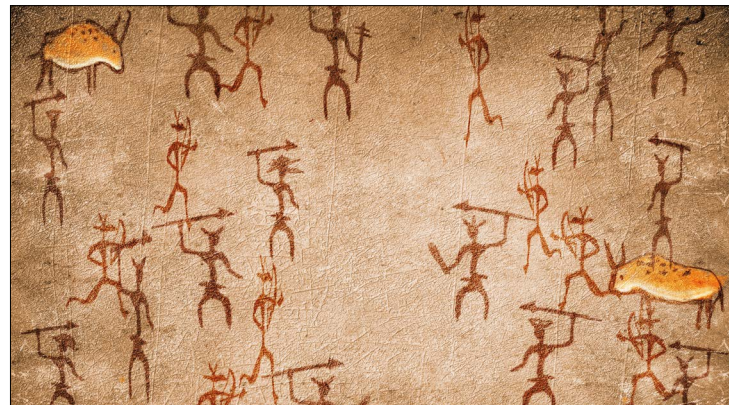
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POWER CUTS AND PRICE RISES: WILL THE LIGHTS REALLY GO OUT?

Newspapers would have you believe that the lights are about to go out and that, due to power station closures and pressure to use less environmentally damaging resources, we're facing impending doom along with a return to the dark ages. Literally. The 'gov.uk' website sets out what the Government is doing about our energy. According to the website, OFGEM are dedicated to 'The creation, maintenance and operation of electricity networks', whereas the Department of Energy and Climate Change [DECC] are 'setting the policy and legislative framework for the UK's networks' which essentially means:

- a) maintain electricity network reliability
- b) ensure new generation (renewables, nuclear and fossil fuels) and new demand (including electric vehicles and heat pumps) receive timely and affordable connection to the network
- c) use regulation to make sure networks are cost effective, competitive and using smarter technology...'[1]

Security of energy supply will tighten and from a business consumer point of view there's still more bad news;



the traditional supply and demand model will mean significant price hikes unless other safeguards are in place – and by this we mean meeting our energy requirements with serious home grown resources rather than relying on external parties beyond our borders. The current Energy Bill passing through Parliament will expand the role of the National Grid beyond its responsibility for physically ensuring generation has been there to match demand [the Balancing Mechanism]. These roles are **Demand Side Balancing Reserve** [DSR] where large users will be able to sell energy back in times of need and **Supplementary Balancing Reserve**, where the National Grid has 'insurance bids' with generators to ensure additional generation time of need.

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So, here at Torse, we're not expecting any blackouts soon but what we are expecting is the continual series of price rises for business and domestic consumers until further resource and regulation tips the balance of power equally between the energy companies and consumer. We're hoping this happens some time soon.

<http://bit.ly/155Sj11>

FRACKING: IS IT SAFE?

As ever with political chat, we need to glean the reality of the offerings from decision makers and, whilst in one ear we hear 'homegrown cheap gas', we hear 'raping and pillaging of our green and pleasant land' in the other. Ed Davey's recent presentation to the Royal Society did explain the Government's position convincingly. Fracking should protect us to a degree from the volatility of the wholesale energy market [as we are net importers of gas].

Is it safe for the environment?

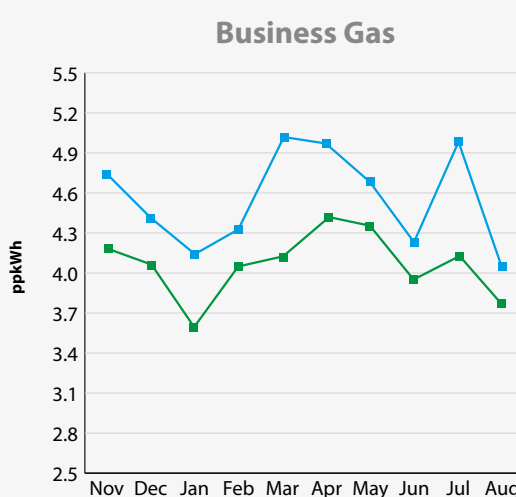
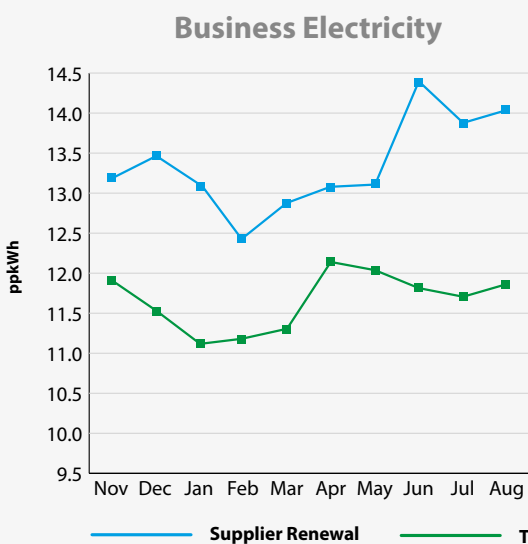
Last year the Government asked the Royal Society and the Royal Academy of Engineering, to review the scientific and engineering evidence on the advances being made in shale gas extraction. The report *Shale Gas Extraction in the UK: a review of hydraulic fracturing* reported these two key areas of concern – **groundwater contamination** and **seismicity** (earth tremors). These were both found to pose a low risk. It also concludes that these risks can be managed effectively in the UK, with **two important provisos: 1)** that operational best practices are implemented, and **2)** that these are enforced through effective regulation. On behalf of the Government, Ed Davey accepted the recommendations of the report in full which does effectively give them the green light. **So fracking as a method for finding new resources will be going ahead.**



Whilst they seem to be basing their science on other sources or possibly no science at all, anti-Fracking campaigners have their role cut out for them in keeping the issues on the table in the near future for all to see!

<http://bit.ly/18aGumV>

TORSE RENEWAL RATES NOVEMBER 2012 - AUGUST 2013



[1] <https://www.gov.uk/government/policies/maintaining-uk-energy-security-2/supporting-pages/future-electricity-networks>

BIOMASS INNOVATION



A few months ago we interviewed Martin Rigley of Lindhurst Engineering about the developments they were making in biomass energy technology. They have been working with the ETC at Nottingham University to develop an efficient and compact machine that will process biomass using enhanced digestors into a gas.

"Technical development of the digester continues but our biggest challenge by far is building the business case and securing the funding we need to take the technology to market before the end of 2014" said Martin, when we recently contacted him to find out how the project was progressing.

You can see the full interview on the [Torse YouTube Channel](#) 'TorseCutsEnergyCosts' or by visiting the link below:

<http://youtu.be/IH1HQf2SMUK>

'INVESTORS IN THE ENVIRONMENT' - MINI EMS

Large corporates through to public bodies to grant funders are expecting suppliers and bidders to have a level of environmental management in place these days.

The **Public Service (Social Value) Act** requires that environmental impact is considered in all procurement.

Whilst good environmental management can help organisations cut their bills, as well as offering a marketing and tendering edge, for many procurers asking for an accredited Environmental Management System or EMS like **ISO14001** or **BS8555** there is concern that this will disadvantage local small companies and social enterprises.

To this end the **Nottingham Energy Partnership (NEP)** is launching the local branch of a mini EMS called 'Investors in the Environment'; backed by the Derbyshire and Nottinghamshire Chamber of Commerce, local universities and public bodies; will help local businesses to improve their resource efficiency and bid for work from increasingly socially and environmentally aware clients.

NEP is running the scheme as a social enterprise and while there is a cost for independent accreditation, all income is used to subsidise support for local third sector organisations to improve their environmental management.

www.nottenergy.com

GREEN DEAL UPDATE

Our first member of staff is awaiting their accreditation to become a Green Deal Advisor and whilst we are aware of considerable negativity in the press surrounding the Green Deal, we believe it has a useful future for commercial customers so we're watching developments closely.

We are waiting and hoping for much greater clarity from the government and DECC (Department of Energy and Climate Change) as to what the practicalities and necessities are for the Commercial Green Deal. As soon as this happens, Torse will be in the position to

swiftly implement Green Deal options for our clients, such as:

- **Commercial Energy Performance**
- **Certificates (EPC's)**
- **Energy Management Auditing**
- **Guidance on Green Deal finance**

See a detailed article on our website:

www.torse.co.uk/green-deal/



youtube.com/torsecutsenergycosts



www.twitter.com/torse_ltd



www.torse.co.uk/feed/

DEFINITION: FRACKING

Shale is formed from deposits of mud, silt, clay and organic matter. Shale gas mainly consists of methane and does not readily flow into a well. **Hydraulic fracturing ('fracking')** is required to **increase permeability**. Once a well has been drilled and cased, explosive charges perforate holes along the well and pumps are used to inject fracturing fluids, consisting of water, sand ('proppant') and chemicals, under high pressure into the well. This generates stresses in the shale that exceed its strength, opening up existing fractures

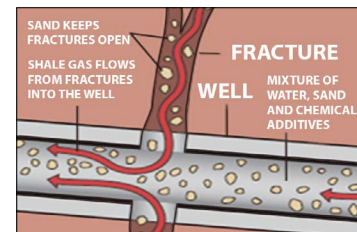


Diagram courtesy of The Royal Society

or creating new ones. The fractures extend a few hundred metres into the rock and are propped open by the sand. Stages are fractured with the stage furthest away and moving towards the start of the well. After fracturing, the plugs are drilled through and the well is depressurised which creates a pressure gradient so that gas flows out of the shale into the well.

[Royal Society website: Shale gas extraction... June12 / DES2597]

<http://bit.ly/15b7XCI>

OFGEM'S NEW STANDARDS OF CONDUCT FOR SUPPLIERS

As a result of the *Retail Market Review* [RMR], Ofgem has just published detailed rule changes intended to deliver a simpler, clearer and fairer energy market whilst improving Micro Business protection. **Energy suppliers must treat small businesses fairly - or risk facing fines.**

On August 26th these changes were put in place with wider reach. **Enforceable Standards of Conduct** mean suppliers must be transparent in their activities. The Standards of Conduct apply to Micro-business customers who typically spend up to £10,000 [ex Vat] a year on each fuel.

A business [this includes all of the sites] is classified as a Microbusiness if it meets **ONE** of the following criteria:

Usage

Gas: Uses fewer than 293,000 kWh per year; or electricity: Uses fewer than 100,000 kWh per year;

Size

Employ fewer than 10 employees (or FTE equivalent) and their annual turnover or balance sheet is not greater than €2 million.

[Ofgem website: New Standards of Conduct... 30 Aug13]

<http://bit.ly/1duWy6q>

Suppliers must provide clear information on the **key facts** about their contracts

Amendments must be made **quickly** by suppliers when they have made a mistake, for example wrongly preventing a business from switching

Automatic rollover of contracts will still exist but be limited to **one year**

They will also have to treat businesses fairly on **back-billing**

From the end of March 2014 suppliers **must accept a termination notice** any time before the allowed supplier 90 day notice period

From March 2014 suppliers will also be required to put the **contract end date** on all small business bills

Ofgem has also extended existing safeguards so that from 31 March 2014 up to **160,000 more small businesses** will benefit from these safeguards