

Thameswey Limited
Report on Business Activity
Issued September 2012

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Contents

Thamesway Central Milton Keynes Limited	5
1. Network Rail (NR) National Centre.....	5
2. Development of B4.4 – Sustainable Residential Quarter in West End	5
2.1. Energy Station 1	5
2.2. Operation and Maintenance Contract	5
2.3. Contract with Flexitricity.....	5
B4 Substation.....	5
3. Review of Project Development Agreement (PDA)	5
4. New Business Opportunities.....	6
4.1. OFGEM Low Carbon Networks Fund – FALCON (Flexible Approaches for Low Carbon Optimised Networks).....	6
4.2. New Connections.....	6
Thamesway Maintenance Services Limited	6
5. Purchase from Xergi Ltd.....	6
5.1. Town centre Energy Centre: Operation and Maintenance.....	6
5.2. Milton Keynes energy centre	7
5.3. Health & Safety	7
5.4. Training	7
5.5. Office Operation.....	7
5.6. Staff.....	7
5.7. Apprentices/Work Experience	7
5.8. Performance Indicators.....	8
5.9. Maintenance Activities	8

5.10. Finance.....	8
Thameswey Energy Limited	9
6. New Customers	9
6.1. Hollywood House.....	9
6.2. World Wildlife Fund Building, Brewery Road.....	9
6.3. Hoe Valley Community Centre	9
7. Remote Metering of Existing PV Installations	9
8. Energy Performance Contract with Honeywell	10
Energy Centre for Sustainable Communities.....	10
9. Business Development Update.....	10
9.1. C-Plan Sales.....	10
9.2. Energy statements and Code for Sustainable Homes assessments	11
10. Action Surrey.....	11
10.1. Free Home Energy Audits (HEAs).....	11
10.2. Website	11
10.3. Call Centre.....	11
10.4. Surrey Healthy Homes.....	12
10.5. Funding of Action Surrey.....	12
11. Green Deal	12
12. Consultancy.....	12
Thameswey Solar Limited	13
13. Installations.....	13
Thameswey Developments Limited.....	14
14. Activities.....	14
14.1. Hoe Valley.....	14
14.2. Joint Ventures	14

14.3. Rydens Way	14
14.4. St. Johns	15
14.5. Horsell Village	15
14.6. Cycle Station	15
14.7. Other Projects	15
Woking Borough Homes	15

Thameswey Central Milton Keynes Limited

1. Network Rail (NR) National Centre

All 4 buildings are now energized and drawing electrical power. The heat supply to the final building was turned on during May.

2. Development of B4.4 – Sustainable Residential Quarter in West End

The development at B4.4 has now received approval from Central Government to change the detail of the project to approximately 350-400 apartments, some town houses, retail and a gym. HCA have selected a preferred developer (with constructors) to build out the new scheme and preliminary meetings have taken place between Barratts, TMSL and TCMK to discuss connection.

Based on the discussions, Barratts are currently considering their design requirements in terms of loadings and plant room locations. Once the predicted loads and plant room locations are confirmed by Barratts, TCMK can proceed with preliminary design works to provide a quotation for connection. The proposed scheme is anticipated to start on site in early 2013 with a completion programme over 5 years.

2.1. Energy Station 1

2.2. Operation and Maintenance Contract

Since the purchase of Xergi Services Ltd at 31st December, work has been progressing to integrate the company and its administrative/accounting structures into the main Group. Development of the 2013 business plan budget is completed.

2.3. Contract with Flexitricity

The Flexitricity contract continues to operate well and a financial summary indicating the levels of income generated in 2011 has been detailed within the accounts.

B4 Substation

The connection of the TCMK network to Western Power Network's Childs Way substation was successfully completed in November 2011. The TCMK network now has a 10 MVA back up capacity from Western Power networks (WPN), which provides a larger and more reliable connection than previously.

3. Review of Project Development Agreement (PDA)

As a consequence of the changes to the PDA area, agreed in 2009, there are 3 development blocks in CMK that now sit outside the original PDA scope. Future developments in the PDA area continue to have an absolute requirement to connect to the heat supply and to the TCMK private wire network. However, developments outside this area

will be required to meet the current 'D5' policy of Milton Keynes Council (MKC) that requires Building Research Establishment Energy Accreditation Method (BREEAM) 'excellent' or 'outstanding' standards for all developments.

To meet this requirement, developers will have to consider connection to a CHP heat network.

It is possible that it would be un-economic for any developer to seek an electricity connection separate from the TCMK private wire, either in the current PDA area, in the original PDA area, or on sites immediately adjacent to the PDA area.

Thameswey and HCA are continuing the discussions on the terms of the PDA for the development sites in Central Milton Keynes.

Further discussions have centre around reduction of the scope of the documentation required to implement the B4.4 connection within the PDA area.

4. New Business Opportunities

4.1. OFGEM Low Carbon Networks Fund – FALCON (Flexible Approaches for Low Carbon Optimised Networks)

TCMK is involved as a partner in a project led by Western Power Distribution (the DNO within Milton Keynes area). The £15m project, for which TCMK will be paid for their input, will focus on the issues and possible solutions for maintaining and upgrading the 11 kV distribution system to allow for a large increase in low carbon generation technologies. The TCMK energy centre will be used within the project to trial ways of operating the 11kV network through agreeing commercial solutions with a distributed energy customer to assist in increasing their network capacity and flexibility. Precise activity requirements and therefore possible levels of income have yet to be determined.

4.2. New Connections

A study is to be made, possibly in conjunction with external consultants, of the potential for existing buildings and new development connections outside the area of the PDA. A full dossier will be drawn up on each building prior to the arrangement of meetings with building owners. This will also form the basis of the future discussions with MKC.

Thameswey Maintenance Services Limited

5. Purchase from Xergi Ltd

5.1. Town centre Energy Centre: Operation and Maintenance

Development of the 2013 business plan and budget has been completed. A value for money study is to be carried out on the O&M operation of the Town Centre CHP.

5.2. Milton Keynes energy centre

Since the purchase of Xergi Services Ltd in December 2012, work has been progressing to integrate the company and its administrative/accounting structures into the main Group. Development of the 2013 business plan and budget has been completed.

5.3. Health & Safety

There have been no RIDDOR incidents to report -(Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR) Change – 6 April 2012) .

5.4. Training

The company has been strengthened significantly with staff either receiving training or having been newly recruited with the required range of gas skills and district heating skills.

Current skills areas that are being addressed are:

- Low Voltage (230v/Domestic)
- Direct Current (solar)
- CO₂ calculations for energy saving

Training needs will remain a constantly evolving project and a training matrix is being developed for the next 3-5 years.

5.5. Office Operation

Relocation to office/workshop facility is well on the way with the target date for the relocation 4th Week of November

5.6. Staff

As part of the rationalization and relocation of operations, the opportunity is being taken to complete job descriptions and more detailed activities processes for the operation and maintenance planned tasks.

Head count has increased by one, an experienced gas fitter. A lack of some commercial qualifications is being addressed by internal training and external accreditation.

Recruitment will need to be revisited by the board, subject to agreement on the strategic direction TMSL is to take.

5.7. Apprentices/Work Experience

Excellent feedback has been received from the two Woking Schools where work experience teenagers were recruited from. TMS have pre-accepted four for next year; these will be for an extended period of 3 weeks rather than the normal 1 week.

The two initial roles would be

- Heating Engineering (District heating/Domestic and Commercial gas fire equipment)
- Mechanical Engineering (Gas fire CHP)

A third role, for recruitment in 2013, would be electrical engineering.

5.8. Performance Indicators

The development of further performance indicators is in progress.

Additional items, relevant by this time next year will be:

- Complaints and process
- 3rd party contractual work obtained
- Budget compliance – internal operational budgets.
- Budget compliance – TCMKL cost budgets
- Budget compliance – TEL cost budgets
- Hotline – expanded to include:
 - Time to attend
 - Mean Time To Repair (MTTR)
 - Mean Time Between Failure (MTBF)
- Quotation awarding
 - Amount of quotes distributed against those won, based on value and type of task.

5.9. Maintenance Activities

- Working Sites

TMSL are generally called out to sites with CHP installations, but more recently call outs have been to any site on the portfolio of New Vision Homes (NVH) where there is a commercial district heating installation.

TMS have completed for 2012, all the relevant statutory certification for the sites, i.e., electrical inspection and gas safe inspection certification. This is due for renewal from April 2013 – June 2013.

5.10. Finance

Q1/Q2

As expected the company had a slow start to the year on chargeable work and therefore revenue is depressed. Recovery is expected up to and including Q4.

Q3/4

There will be a focus on business development outside the group as much as inside the group.

Thamesway Energy Limited

6. New Customers

6.1. Hollywood House

The heat connection to the building was completed ahead of schedule in early 2012. The electrical connection is in progress

6.2. World Wildlife Fund Building, Brewery Road

TEL have now received confirmation of electrical loads required by the WWF Living Planet Centre and are discussing the technical and practical aspects of connection with designers and the main contractors, Wilmott Dixon.

6.3. Peacocks Shopping Centre (Private wire electricity connection)

The TEL infrastructure works to connect the Peacocks, which will include installing a new HV cable along Victoria Way and under the car park ramp, will terminate at a transformer to be installed in a purpose-built enclosure within the Peacocks service area. LV connections will then be made from the transformer to the necessary distribution boards to allow provision of power to the landlords load, the parking office and the car parks, the food court and the Fantails night club. This work is currently in progress.

The designers for the library systems have installed equipment which is compatible with the requirements of the district energy system such that a connection can be economically made in the future.

6.4. Hoe Valley Community Centre

The heat and electrical connections to the Hoe Valley Community Centre are now complete and the building is occupied and drawing energy from the network.

7. Remote Metering of Existing PV Installations

Installation of the meters and remote monitoring equipment has been completed and TEL is now able to view detailed output information online. Each installation is now being assessed individually to ascertain its actual output, compared to the theoretical maximum, and address where improvements can be made. Based on the monitoring data, a programme is currently being put in place to ensure that all sites are working to their expected potential. This will include the cleaning of all panels and potentially the pruning of some trees, where shading has become an issue.

8. Energy Performance Contract with Honeywell

Honeywell have mobilised to execute the project and the project manager is resident full time in allocated offices in Export House. Honeywell have been approved as competent Principal Contractor by CDM coordinator Safety Mark. Visits by Honeywell engineers and specialists to possible work areas have continued. Discussions have taken place with stakeholders at various locations and their requirements noted. Council officers in planning and building control have been familiarised with the project. The project is still in the design phase, but a number of design submissions to Thamesway have been signed off. Lighting upgrade of the car parks has commenced.

Design work on the Leisure Centre has been re-commenced having been placed on hold pending design development of new facilities by operator Freedom Leisure.

Energy Centre for Sustainable Communities

9. Business Development Update

Current business development activities are focusing on the following:

- Development of sustainable planning services, this includes the sale of the C-Plan suite of services to local authority planning departments as well as the newly developed Sustainability Check List which has now been purchased by Three Rivers District Council and Dacorum Borough Council.
- Roll out of Action Working to all Surrey Local Authorities to position the project to become part of Government's Green Deal programme.
- Continue to offer developers of new buildings Energy Statement, Sustainability Statements and Code for Sustainable Homes assessments.
- Development and implementation of the large scale PV project for Thamesway Solar Ltd whilst seeking new opportunities with other local councils to develop similar schemes.
- Respond to tenders for energy consultancy projects and where possible seek to form partnerships with third party organisations to increase chances of success.

9.1. C-Plan Sales

ECSC has been successful in a bid for the roll out of C-Plan across the whole of Yorkshire and Humberside (23 LPAs) which is being coordinated by LocalGov Yorkshire and Humberside.

Pitching against a competing product, Enplanner (which is now offered at very low/no cost to the local authorities with income generated through pay-to-use by developers and allied spin off work) staff took the opportunity to present an alternative business strategy for C-Plan with costs shared between the authorities and developers.

The focus this FY has been the completion of minor enhancements to the user interface to reduce the level of user support required around day-to-day processing of energy statements and work on transferring all data to updated software.

A revised delivery plan is under preparation to diversify revenue scope through introduction of pay-to-use online services for developers, thereby reducing the dependence on local authority funding. In addition, work is underway on ensuring the CPlan platform is 'resilient'.

A proposal has been accepted by WBC to upgrade its C-Plan to bring it into line with the council's policies in its Core Strategy.

9.2. Energy statements and Code for Sustainable Homes assessments

After good levels of business throughout 2011, there has been less demand from developers requiring renewable energy statements in 2012 to date, with reduced levels of spin-off business from C-Plan and repeat business from developers. Marketing literature describing the range of services Thamesway offer is currently being updated to maintain the market.

10. Action Surrey

To date Action Surrey has facilitated **over 4,000** referrals for energy saving measures. **1,500** installations of energy saving measures and has saved residents over **£100,000** in fuel bills and **40,000** lifetime tonnes of CO₂ from the private housing stock across Surrey.

10.1. Free Home Energy Audits (HEAs)

The free home energy audit scheme is continuing and will be utilized in the forth coming Surrey Healthy Homes bid to the Department of Health. The volunteer network will be strengthened and consolidated to improve the reliability of the scheme.

10.2. Website

The Action Surrey website has received 8,000 visitors so far in 2012. A marked increase can be seen around the beginning of March which was due to the Surrey Healthy Homes activity and Surrey Green Homes and a huge increase has recently been recorded due to the free insulation campaign. This is due to continue until the end of the year. Goals have now been set up using Google Analytics and recorded 1,400 online requests for Action Surrey services and (since it was set up in late Q1) and 140 new member registrations since April. Online services will continue to be developed with the introduction of a fuel switching facility (using an affiliate programme with Uswitch).

10.3. Call Centre

The Action Surrey call centre has been very busy during the year taking calls from over 2500 residents enquiring about energy efficiency improvements. The increase in calls is largely due to the Surrey Healthy Homes campaign and the additional marketing of a free insulation offer.

10.4. Surrey Healthy Homes

At the end of Q4 of 2011, Action Surrey secured a large bid from the Department of Health to deliver an energy saving, community engagement programme aimed at encouraging vulnerable households to adopt free energy efficiency measures. Surrey Healthy Homes (SHH) also brought together over 30 stakeholder organisations to create a network that could work collaboratively in thinking how to reach those most in need during the winter months. The campaign is now in its final stages with the last few activities being delivered.

Following the success of the Surrey Healthy Homes last year, another bid is currently being developed which will be submitted on the 5th October.

10.5. Funding of Action Surrey

The term of the original funding period for Action Surrey through the Surrey Improvement Partnership has now come to an end. Action Surrey will continue to support all the local authorities, however some of the original deliverables will no longer be possible due to the cessation of funding.

Services that will continue to be provided:

- Call centre for energy efficiency and renewable technology enquiries
- Jointly funded marketing activities (with installers).
- Installer network (monitor and maintain)
- Website updates and improvements
- Use of Oak Tree House (subject to negotiation)

Services that can no longer be pursued under Action Surrey:

- Speaking at local environmental group meetings (subject to negotiation)
- Coordinating Surrey Green Homes (unless sponsorship secured in advance)
- Development of a county-wide network of volunteers

11. Green Deal

Research is currently being undertaken to assess the best possible strategic positioning Action Surrey can adopt to take advantage of the Green Deal. The short term strategy is to ensure that there is a suitable, competitive and customer focused referral mechanism in place. ECSC are discussing with a variety of potential Green Deal installers/Providers who will be able to offer the Green Deal.

Although Action Surrey is focused on the private sector housing, Green Deal is aimed at all building owners, social, council and commercial as well as private. There is a huge opportunity for councils and social housing providers to transform their building stock through a Green Deal.

12. Consultancy

Work on a Upper Lea Valley District Energy Study has been one of the main focuses of consultancy work this year.

Other consultancy work has included:

- advising Woking BC in the lead up to and during its Core Strategy Examination, and managing the specification and procurement of PV systems and installers for a new warehouse development by Ambit in Hounslow.
- delivering the Thameswey Solar project.
- Advising a major land owner behind a large new settlement of 3,500 new homes planned in Fareham and have been invited to set out our proposal for a partnership with developer to deliver DE within the scheme.
- Following invitation by Crawley Borough Council, a response has been submitted to a market testing exercise on potential providers for up to two DE schemes in Crawley. ECSC will participate in a procurement process.

Following initial feasibility work carried out for Basingstoke and Deane Borough Council in 2010, ECSC have been invited to advise on the delivery the regeneration scheme for Basing View business park.

discussions are ongoing on potential consultancy contract with cities in Taiwan.

- Hampshire County Council (HCC) has appointed WBC/Thameswey to provide a range of services in respect of a proposed DE scheme for central Winchester including acting as client advisor for a technical study, advising on the ESCo arrangements operated by TEL, presenting a proposal for a JV between WEB/TW and HCC to deliver the DE project

Thameswey Solar Limited

13. Installations

In just over 12 weeks, Thameswey Solar and its subcontractors successfully installed 1.25MW of solar photovoltaic panels on 35 out of the 36 approved sites.

In July 2011 the Executive had approved a total investment programme of £9.1m to install 2,900 kWp (kilowatt peak) of PV on 92 properties in the Borough. A revision to the projects business plan was required due to the announcement from the Government of a reduction to the Feed in Tariff (FiT) as from the 12th December 2011. Before this announcement, the project was on track to deliver the 2,900 kW by the 31st March 2012. In October 2011, the Department of Energy and Climate Change (DECC) launched a consultation to reduce the level of FiTs for solar PV by approximately 50%.

The business plan was scaled down to a total investment of £3.4m with the installation of PV on 36 sites (54 separate installations) and an electrical output of 1,350 kWp by 31st March 2012. This plan was approved by Council in December 2011.

Following the successful construction phase of the project, the Council through its new subsidiary Thameswey Solar Limited will achieve a 6% reduction in CO₂ emissions from buildings under its control, equivalent to 520 tonnes per year.

It is expected that the project will provide the Council, through Thameswey Ltd., a 5.24% return on its 75% shareholding. As well as this, the Council will also obtain expected savings totaling £10,800 from reductions in electricity costs across its housing and community buildings.

Thameswey Developments Limited

14. Activities

14.1. Hoe Valley

The scheme includes flood alleviation, the remediation of contaminated land, relocation of community groups and the development of housing land. The housing land is being sold to generate sufficient funds to repay the loan.

The main construction phase of the contract finished in June 2012. A two year site management contract is being put into place for grounds maintenance.

14.2. Joint Ventures

In September 2010 a Joint Venture (JV) was established between TDL and Rutland Properties Limited (RPL); a property development company based in Cranleigh, Surrey, to work together by acquiring and developing sites to their and WBC's mutual advantage. This JV will operate through Rutland (Woking) Limited (RWL) which is owned 50% by TDL and 50% by RPL.

The 50% holding by TDL has been financed by profits from TDL. In March 2011 the Executive approved the acquisition and development of land at Carthouse Lane. This project was established in a separate corporate entity, Rutland Woking (Carthouse Lane) Ltd under the same JV agreement with RPL and was completed by mid 2012. RWL has recently entered into an agreement for the purchase and sale of land which could result in further profit for the JV over the coming two years.

14.3. Rydens Way

In October 2010 an agreement was completed with Woking Borough Homes Ltd (WBHL) to acquire land at Rydens Way and build 42 homes.

Work on this project has commenced.

14.4. St. Johns

In March 2011 the Executive approved for TDL to complete the development of the St. John's Memorial Hall. Work commenced in Autumn 2012.

14.5. Horsell Village

TDL was requested to complete a project to improve Horsell Village and provide a range of community benefits including replacing the Guide/Scout Hut and providing disabled access to and improving the Village Hall. The project commenced in late 2011 for a comprehensive improvement in the community facilities including parking and landscaping. Work has commenced and is expected to complete in 2013.

14.6. Link Leisure

Link Leisure provides sports/social/recreational activities for children and adults with learning difficulties and operates from the WBC owned New Horizons building in Board School Road. TDL has been requested to redevelop the building to make it fit for purpose. Funding is being provided by WBC in the form of fees. Work commenced in August 2012 and Link Leisure have temporarily relocated to allow the work to be completed as quickly as possible.

14.7. Cycle Station

This project is being run by Woking Borough Council property services. Planning permission is being sought to relocate a pre-fabricated building to Sythwood for the Woking Cycle Station Project (currently occupying garages and the Lakeview Community Centre). TDL has given an undertaking to deliver the modified pre-fabricated building to the site on behalf of the Council and transfer the building to WBC ownership.

14.8. Other Projects

As further developments are identified they will be considered by the Executive or Council for approval prior to commencing any operations. No projects are planned to extend beyond 2013 at this stage.

Woking Borough Homes

Trading results this year have been encouraging with rents receivable for the 2nd quarter of 2012 at £570k (£20k above budget and an increase of £28k over the previous quarter). Five additional properties are being purchased this year to support the objectives of the company. Rent and profit for the full year will be on budget.

Total property cost were £46.8m as at the end of June, up by £1.4m for the first half of 2012, following a further contribution of £1m, advanced during July and August to the Rydens Way development and the purchase of a street property in March.