

Centrica Estates – Delivering success on our own doorstep

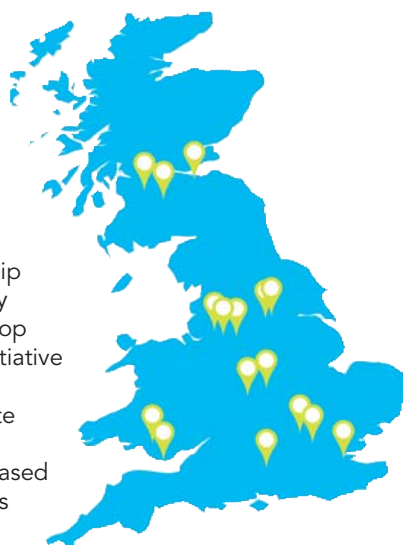
In 2010 Centrica's Chief Executive announced a commitment to a 20% reduction in the Group's global carbon footprint by 2015, against a 2007 baseline. Looking at the contribution that they felt able to make to this, British Gas committed to a 25% reduction and in fact it is this latter figure – 25% - that has been adopted as the Group's target.



By the time that the announcement was made in 2010, a number of initiatives had already been implemented, since the baseline year of 2007 - most notably an exercise to optimise the control of buildings by improving the Building Energy Management Systems (BEMS) on site and investment in an on-line remote monitoring system, which captured real-time energy performance against pre-determined target profiles.

Significant savings were achieved early on in the programme as the "easy to treat" energy savings opportunities were identified and implemented. However, it became increasingly evident that further action was required to maintain the momentum of emissions reduction and that further improvement in building energy performance could now only be achieved through significant capital investment.

Centrica Estates [British Gas Property] evaluated the principles and methodology of Energy Performance Contracting and, following the successful delivery of measures across three trial sites (Tranche 1), entered into partnership with British Gas Energy Performance, to develop and self deliver this initiative across the remaining British Gas & Corporate Centre main sites. The partnership was based on the key deliverables of an EPC, which are:



- a) to provide a cash positive solution to upgrade building services on specific properties, with new energy efficient equipment/measures
- b) to maintain the equipment during the lifetime of the Performance Contract
- c) to meet the agreed savings and to achieve British Gas and Group CO2 targets over an agreed period.

As a result of this work, British Gas Energy Performance will be in a position to advise British Gas Property on setting future CO2 strategy targets beyond 2015.

Benefits

Benefits include the following:

- Provides CO2 reduction of 1540 tCO2 pa
- Provides energy savings, equivalent to £527,418
- Financial model is cash positive
- The collaboration of quality assured internal BG suppliers
- Allows for replacement of redundant and obsolete plant assets with new, energy efficient equipment and reduces maintenance costs
- Improved Energy Management & Performance
- Enables benefit of bundling measures with both short & long payback periods