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**Welcome to the EnviroDaq newsletter focusing on the UK's growing environmental goods and services (EGS) sector.**

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## EnviroDaq

We are pleased to announce that EnviroDaq has become the EnviroDaq 100, indexing the 100 largest UK-listed companies which derive at least 60% of their value from environmentally-focused goods and services. These include renewable energy; energy efficiency equipment; waste management; water and waste water treatment; air pollution control equipment; environmental monitoring and instrumentation; and cleaner technology processes.

The EnviroDaq 100 Index is the first index for UK-listed environmental technology companies. It has grown by 18% over the last 12 months against the FTSE 100's growth of 14%.

The change in name is a response to the surge in growth of the EGS sector over the last 12 months. Recent research carried out by EnviroDaq indicates that companies in the sector now account for 3.6% of the AIM market. This is second only to the Speciality Finance sector in terms of market representation.

Along with the name change, there have been many updates to the EnviroDaq website ([www.envirodaq.com](http://www.envirodaq.com)) to provide better and more focussed information to investors.

Firstly, we now provide more detailed company information, including key financials, company background, broker recommendations and investment ratios. The new graphing feature allows you to create flexible and customisable share graphs for each of the EnviroDaq component securities. To access these new tools, simply click on a company's EPIC code.

In addition to this, we have sub-divided each of the companies into the 12 official EGS sub-sectors as used by the Department of Trade and Industry. You can access these lists as well as focussed sub-sector news by clicking on the new "Industry Sectors" link on the navigation column of the EnviroDaq website.

To ensure the index remains balanced, we will always list the largest 100 companies as determined by their market capital. This will be reviewed on a quarterly basis when the index will undergo rebalancing. The EnviroDaq index is market capitalisation-weighted

and free float adjusted in line with the methodology used by the FTSE AIM Index series. More information about this methodology can be found on the "Index Info" page.

Further improvements will be made to the EnviroDaq index over the coming months, so that it will become the de facto source of information for people looking to invest in the environmental goods and services sector.

#### **EnviroDaq stats (as from today)**

EnviroDaq Index Current Value: 146.73

EnviroDaq Index Yesterday Close: 146.95

EnviroDaq Index Movement Today: -0.22%

EnviroDaq Index Movement Last 7 Days: -3.27%

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### **News In Brief**

#### **New Energy White Paper**

The Government has launched a new energy White Paper: *Meeting the Energy Challenge*.

It sets out the Government's international and domestic energy strategy and discusses how the UK can achieve its energy goals.

The White Paper assesses the impact of the 2006 Energy Review Report and measures announced since, including the Pre-Budget Report in 2006 and the Budget in 2007.

To accompany the paper, the Government has also launched consultations on nuclear power, the Renewables Obligation and guidance on the 1965 Gas Act.

[Read more [here](#)]

#### **Government Publishes Waste Strategy 2007**

The Government has published its *Waste Strategy for England 2007*. The strategy, which includes a foreword by Ben Bradshaw, the Minister for Waste, sets out its vision for sustainable waste management in the UK.

The Government has also published a consultation on Incentives for Recycling by Households, together with a partial regulatory impact assessment and associated research report.

[Read more [here](#)]

#### **G8 Reaches New Agreement on Climate Change**

The G8 group of leading industrialised nations has agreed to try and at least halve global CO2 emissions by 2050.

At the recent G8 summit in Heiligendamm, Germany, the group agreed to try and achieve the goal together as part of a UN process.

The agreement is based on resolutions adopted by the EU, Japan and Canada and it also covers the biggest greenhouse gas emitters outside the US, especially China and India.

It is now up to the United Nations Framework Convention on Climate Change to negotiate the details of how the emissions reductions are to be achieved.

The G8 leaders also agreed a timetable for a new post-Kyoto climate change protocol to be developed. The Kyoto Protocol expires in 2012. A successor agreement is to be adopted by 2009 and will contribute to the UN-led emissions reduction process.

[Read more [here](#)]

### **Government Gives Renewables a Boost**

Planning and energy policy changes announced in May will give a huge boost to the renewable energy sector in the UK and could help make Britain the second most attractive country for investment in clean energy, according to analysts at Ernst & Young.

Under the reforms, which are yet to become law, more expensive, newer technologies like offshore wind and tidal power will get more money than established, cheaper types such as onshore wind farms.

[Read more [here](#)]

### **Wood is the Future for Biofuels**

The head of a Government-funded research body has revealed that wood, rather than wheat, may hold the key to the development of biofuels.

Jeremy Tomkinson, chief executive of the York-based National Non-Food Crops Centre, said that producing biofuels from wood was much less energy intensive than traditional biofuel sources such as wheat, maize, sugar or vegetable oils. He said that more Government investment was needed to expand wood-based biofuel technologies.

[Read more [here](#)]

### **Utilities Expect More Renewable Energy**

A survey by accountants PricewaterhouseCoopers has revealed that the number of utilities expecting to see more renewable and nuclear power in the UK's future energy mix has more than doubled since last year.

Last year, only 17% of those utilities questioned were considering wind power, while 19% were looking at nuclear fuel.

This year, the same energy sources were mentioned by 48% and 45% of respondents respectively.

### **Planners Approve Wind Farm in Northumberland**

Planners in Northumberland have approved proposals for a £35m seven-turbine wind farm.

Wansbeck Council agreed the plans put forward by energy supplier Scottish Power to erect up to seven turbines on land close to an Alcan aluminium smelter at Lynemouth.

More applications for more turbines are expected in the coming months as Northumberland is well short of regional and national renewable energy targets.

The county should be generating 812 megawatts (MW) of renewable energy by 2010, but only 8.6MW are currently being generated. The wind farm at Lynemouth will generate a further 16.5MW.

### **EasyJet Outlines Plans for EcoJet**

Budget airline EasyJet has unveiled plans for a new aircraft that could cut carbon dioxide emissions by half.

The low-budget carrier said its design, which is based on existing technology, would

produce 50% less CO2 than its existing fleet and could be ready to fly by 2015.

The EasyJet "ecoJet" features open-rotor engines that will produce 25% less carbon dioxide per passenger kilometre flown than the airline's current Airbus planes.

It will cut fuel burn by a further 15% with wings and fuselage constructed from lighter aluminium composite material. A further 10% will be saved by slower in-flight speed and planned changes to air traffic control across Europe.

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## EnviroDaq 100 Company News

### **Solar Power Is Hot**

In a sign of growing strength in the solar power industry, two companies have recently announced major increases in production capacity to keep pace with customer demand.

Solar panel manufacturer PowerFilm is investing £7.9 million to expand production in line with higher than anticipated demand for its products. The extra investment was raised by a share placing on AIM earlier this month.

[Read more [here](#)]

A second company, ReneSola, a manufacturer of wafers for the photovoltaic (PV) industry, is also upgrading its year-end production capacity, from 265 Megawatts (MW) to 373 MW, due to increased demand for silicon wafers. The increase is in addition to an earlier upgrade announced in November 2006.

[Read more [here](#)]

### **Electric Car Company Scoops Royal Mail Deal**

Smith Electric Vehicles, part of the Tanfield Group plc, has won a contract from Royal Mail for its next generation zero emission vehicles.

Royal Mail has ordered one of each of its Edison and Newton higher function delivery vehicles, for trials. The vehicles will be deployed in London, in parcel and post distribution operations.

[Read more [here](#)]

### **REH a Step Closer to Welsh Wind Farm**

Renewable Energy Holdings (REH) has entered into exclusive negotiations with Mynnydd y Gwynt, the vendors of a proposed wind farm site in mid-Wales.

The period of exclusivity initially runs until 31st August 2007, during which time REH will conduct a thorough viability appraisal of the site for wind farm development. REH believes that the site at Llangurig, Montgomeryshire, is capable of providing up to 90MW of generating capacity.

[Read more [here](#)]

### **RPL Researches Alternative Fuels for its Biodiesel Plants**

Renewable Power & Light plc (RPL) has completed a feasibility study into alternative feedstock sources for its biodiesel refineries.

The study is part of its on-going research into consistency of supply and comes in the light of recent rises in the price of palm oil, one of the company's main energy input costs.

Of the fats tested in the study, palm oil, jatropha and soy offered the best potential to meet RPL's medium term needs.

[Read more [here](#)]

#### **Virotec Secures UK Water Contract**

Virotec International plc, an environmental cleansing company, has signed a £63,000 contract to supply its ViroFilter water filtering technology to a water company in the UK.

The contract is for a ViroFilter passive treatment system to be fitted to a wastewater plant, reducing the phosphate levels of the water in line with the planned reduction in UK phosphate levels expected to be introduced shortly. It is the first commercial contract for the technology.

[Read more [here](#)]

#### **KleenAir Cleans Up with Westway**

KleenAir Systems International plc, a vehicle emissions management company, has signed its first contract for emission reduction systems. The contract, with Westway Coaches, covers the upgrade of two coaches and is worth £8,000.

Westway expects to upgrade its fleet of more than 30 vehicles over the next six months so that it will be one of the first coach companies in London to have a fleet that complies with the recently announced London Low Emission Zone (LEZ).

The LEZ programme, which covers the 33 London boroughs, requires coaches and heavy goods vehicles to meet more stringent Euro III emissions standards.

[Read more [here](#)]

#### **EcoSecurities Steps Up Operations in Africa**

EcoSecurities, a company which sources, develops and trades carbon credits from greenhouse gas (GHG) emission reducing projects, is stepping up its operations in Africa.

Since January 2007, the company has firmed up contracts to develop Clean Development Mechanism (CDM) projects in Africa, with the potential to generate over 12 million carbon credits, bringing the total volume of its African credit portfolio to over 15 million.

[Read more [here](#)]

#### **AFC Energy Secures Indonesian Fuel Cell Agreement**

AFC Energy plc, a company which develops alkaline fuel cells, has signed a Memorandum of Understanding (MOU) with the Indonesian Government.

Under the terms of the MOU, AFC Energy will be the exclusive supplier of fuel cells to a project that aims to provide 32 million households in the Nabire-Papua region with the ability to produce electricity and potable drinking water over the next 10 years.

The project will utilise bio-mass and other renewable sources to produce hydrogen which the fuel cell converts to electricity.

The MOU is based on an initial order for three thousand 3.5kW systems and is worth US\$13.5 million. The MOU also confirms an agreement to set up a joint venture to manufacture the fuel cells in Indonesia.

[Read more [here](#)]

### **ESD Wins Carbon Management Contract**

ESD Ltd, a subsidiary of Camco International, has won a £650,000 contract to provide 45 local authorities in the UK with advice on how to reduce their carbon emissions.

The contract is part of the Carbon Trust's Local Authority Carbon Management Programme. The programme, which is in its fifth year, enables local authorities to calculate their carbon emissions and develop projects to reduce them. It is the fourth year in which ESD has been involved.

[Read more [here](#)]

For all the EnviroDaq company news visit [www.EnviroDaq.com](http://www.EnviroDaq.com) and view the news archive.

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### **Company Case Study**

*The following case studies of companies in the EnviroDaq index were penned by the companies themselves and have not been edited by the EnviroDaq editor. We therefore accept no liability for the accuracy of the information contained within them and they should not be used as a prospectus for investment purposes.*

#### **Company: Ocean Power Technologies**

The power of the ocean has long been viewed as a potentially rich source of renewable energy, but turning that potential into reality has been more difficult and taken longer than many expected.

Ocean Power Technologies (OPT), a New Jersey-based Aim-listed firm, is closer to achieving that ambition than any other company in the world. And with OPT's leadership, wave energy is an emerging segment in the renewable energy market.

OPT, which began operations in 1994, develops and sells the PowerBuoy system. PowerBuoy is based on modular, ocean-going buoys, which the company has tested in the ocean for almost a decade. The rising and falling of the waves moves the buoy, creating mechanical energy that is converted to electricity.

OPT sells two products: a utility PowerBuoy system which is capable of supplying electricity into a local or regional grid; and the autonomous PowerBuoy system, designed to generate power for use independently of the grid in remote ocean locations.

The company intends to sell the former to utilities and other electrical power producers while the latter has a variety of potential applications, including homeland security, sonar and radar surveillance, offshore platforms and tsunami warning systems.

In the past 18 months, OPT has made significant commercial progress. It has a contract to construct a wave power station off the coast of northern Spain with the Spanish utility firm Iberdrola. In addition, it is working with Iberdrola and Total of France to evaluate development of wave power on France's western coast.

In the UK, OPT has won approval to build a 5 megawatt (MW) demonstration wave power station in Cornwall, and in the US it has been granted a preliminary permit to evaluate the feasibility of a 50MW station off the coast of Oregon.

The company has also signed a joint marketing agreement with Lockheed Martin for the autonomous PowerBuoy system, which has already gained some market traction with US government agencies.

OPT, which recorded revenues of US\$1.7m in 2006, recently concluded a US\$100m fund-raising and listing on Nasdaq. The investment will support the company's goal of strengthening its leadership internationally, in developing wave energy technologies and commercialising wave power stations and related services. Its strategy is to concentrate sales and marketing efforts in coastal North America, the west coast of Europe, Australia and the east coast of Japan.

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### Contact EnviroDaq

EnviroDaq has been developed by the UK Centre for Economic and Environmental Development (UK CEED), a charitable foundation, and the Centre for Sustainable Engineering (CSEng), a not-for-profit company. The aim is for the index to become an authoritative benchmark for performance in the environmental industries and to attract recognition for, and investment activity in the sector. Please get in touch if you wish to give feedback on our newsletter or submit relevant news or case studies. For more information on EnviroDaq visit [www.envirodaq.com](http://www.envirodaq.com) or contact Gareth Jones ([g.jones@ukceed.org](mailto:g.jones@ukceed.org); Tel: 01733 311644).

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### About EnviroDaq

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