



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

Contents

[EnviroDaq](#)

[Opinion](#)

[News in Brief](#)

[EnviroDaq News](#)

[Featured Company Profile: TEG Environmental](#)

[Contact Us](#)

EnviroDaq

EnviroDaq is an index of UK listed companies which generate at least 60% of their market value from providing environmentally-focused goods and services. This includes companies in the following sectors: renewable energy; energy efficiency equipment; renewable materials; waste management; water and waste water treatment; air pollution control equipment; environmental monitoring and instrumentation; cleaner technology processes.

Recent research carried out by EnviroDaq indicates that companies in the environmental goods and services sector now account for 2.5% of the AIM market. This is second only to the Speciality Finance sector in terms of market representation.

The EnviroDaq now has 72 members; all of whom are listed in the UK stock market, and over 95% are listed on the AIM market.

EnviroDaq stats (as from today)

EnviroDaq Index Current Value: 175.12

EnviroDaq Index Yesterday Close: 174.59

EnviroDaq Index Movement Today: +0.53%

EnviroDaq Index Movement Last 7 Days: +4.49%

[TOP](#)

Opinion

EGS Sector Opportunities in the Electricity Industry

Emissions from industry to air, land and water have been successfully reduced as a result of environmental legislation over the last fifty years. But as most of the UK's electricity - about 75% - is still produced from fossil fuels such as coal and gas, electricity companies have to employ the latest technology in order to meet ever more stringent emission and pollution reduction targets.

By 2020, at least £20bn of investment will be required to replace the UK's ageing power stations. This represents a huge opportunity for companies that can supply the most modern technologies for coal, gas and nuclear power stations, or which specialise in renewable technologies. Exactly what the £20bn will be spent on depends very much on the environmental agenda in the EU and the UK beyond 2012, particularly in terms of climate change. But whatever the investment specifics, and with the recent Treasury-commissioned Stern report very much in mind, it is already clear that the electricity sector is set to continue on a path of further reductions.

Many less efficient coal-fired power stations will close over the next ten years. Others will be retrofitted with flue gas desulphurisation equipment, which can reduce sulphur dioxide emissions by over 90%. Emissions of fine particulates are also being tackled. Simultaneously, most nuclear power stations are expected to reach the end of their lifetimes by about 2020. The government has recently announced that it wants nuclear power, a low emission source of electricity, to remain part of a diverse national energy mix, but that new nuclear stations are to be financed by private investors.

Companies large and small are also active in the development of renewable generating technologies. There are strong incentives for this in the form of environmental benefits and a government support scheme. The government target is for 15% of electricity to be generated from renewables by 2015. Successful partnerships between innovative small companies and larger players are already facilitating the development of ground-breaking pre-market renewable technologies, a trend which is contributing to the ever increasing dynamism of the renewables sector.

In short, the fortunes of the UK's environmental and electricity sectors will be closely intertwined over the coming decades. The investment opportunities will be enormous, particularly for companies with an awareness of environmental drivers and the knowledge to build on them.

Laura Schmidt, Association of Electricity Producers

[TOP](#)

News in Brief

UK CEED Report for DTI Shows Rapid Growth in the Sector

The Environmental Industries Unit at the DTI has published a new report into the strengths of the environmental goods and services (EGS) sector in the UK. The report, A Study of Emerging Markets in the Environmental Sector 2006, was carried out by UK CEED and was officially launched today by David Milliband, the Minister for the Environment, Food and Rural Affairs. According to the report, which is available on UK

CEED's website (www.ukceed.org) the UK's EGS market will grow from £25 billion in 2005 to £34 billion in 2010 and on to £46 billion by 2015.

Clean Energy Conference

A one-day conference is taking place in November to showcase new developments in clean energy technology and highlight their importance to the economy and the environment. The Clean Energy Investment Showcase 2006 is being organised by Envirodaq partner the Centre for Sustainable Engineering, and publishing and events company Environmental Finance. Speakers will include Dr Fatih Birol, World Energy Outlook, International Energy Agency; Philip Wolfe, chief executive, UK Renewable Energy Association; and Jon Williams, head of group sustainable development, HSBC Holdings. Registration is from £122.50 + VAT. More information, including a registration form, are available online at www.environmental-finance.com, by calling 020 7251 9151 or by emailing info@environmental-finance.com.

Debut for Two New Green Investment Funds

Low Carbon Accelerator (LAC) became the first listed, private-equity fund dedicated to investing in the green energy sector when it floated on the Alternative Investment Market (AIM) last month. The Guernsey-registered fund was set up to invest in fast-growing, low-carbon businesses. The listing, on 11th October, raised £44.5 million, including a £20 million investment by Dutch banking giant ABN Amro. This month, a second new fund, the Sustainable Investment Fund, was also launched. Managed by venture capital house Foresight Venture Partners, the Sustainable Investment Fund will invest specifically in early stage, unquoted, UK-focused opportunities.

Renewable Energy Supplies Rise

UK power suppliers sourced a larger share of their power from renewable energy sources this year than in previous years, according to figures published by the UK energy regulator Ofgem. Although the figures fall short of the official target of 10% from renewable sources by 2010, the 5.5% of the UK's energy needs that came from renewable sources in the 12 months to October 2006 is up from 4% the year before.

REG Ramps Up Investment in Wind Power

Renewable Energy Generation Ltd (REG) has agreed to acquire the rights to two UK wind projects from KP Renewables plc. Each project, both of which have planning consent, is suitable for a 2MW or larger turbine. Following final detailed agreement with the landowners, REG intends to build the projects at the earliest opportunity. The overall cost of the completed projects will be approximately £6 million.

Suffolk Pushes for Energy-from-Waste

Suffolk County Council is considering the development of an Energy from Waste (EfW) plant for the management of its residual waste. The council says that it has considered a number of options, but that EfW is its preferred solution. It is currently drawing up an in depth proposal and test case scenario for an EfW facility, before making a final decision. The Council's preference for EfW comes despite the response from its public consultation, About Suffolk, where residents showed a preference for Mechanical Biological Treatment (MBT) over EfW, due to concerns over emissions.

[TOP](#)

EnviroDaq Company News

Annual Report and Accounts at Ocean Power Technologies

Ocean Power Technologies Inc, a wave power technology company, has published its annual report and accounts for the financial year 2005/2006. Copies have been

distributed to shareholders and can also be obtained from the company's advisor and broker, Collins Stewart.

Augean Chief Executive Steps Down

John Huntington, the chief executive of hazardous waste management company Augean plc, has stepped down from his position. Non-executive director Roger McDowell has been appointed acting chief executive until a permanent successor is appointed. Ex-Deutsche Morgan Grenfell and Lehman Brothers Rory Macnamara has also been appointed to the board as a non-executive director.

Ethanol Production on Schedule for GTL Resources

GTL Resources plc, which manages alternative energy projects, has started plant training at its ethanol production plant in the United States. The plant, at Rochelle, Illinois, can produce 50 million gallons of ethanol per year. Production is scheduled to start in December 2006.

Clipper Windpower's Director Shareholding

Albert Baciocco Jr, a non-executive director of wind energy company Clipper Windpower Inc, has sold 20,000 10p ordinary shares, representing 0.02% of issued shares. He retains 130,000 ordinary shares or 0.12% of issued shares.

Director Retires from Clean Diesel Technologies Inc

Non-executive director and former CEO Jeremy Peter-Hoblyn has retired from the board at Clean Diesel Technologies Inc, a developer of emission control technology, due to ill health. A replacement has yet to be appointed. In another change, chief financial officer David Whitwell will leave the company in November to take another CFO position.

Econergy International Gets Grant of Almost US\$1 million

Clean energy and carbon developer Econergy International plc has secured funding of US\$995,000 from the Global Environment Facility, an independent financial organisation that provides grants to developing countries for projects that promote sustainability. The grant will be used to provide early stage support for innovative clean technology applications.

For all the EnviroDaq company news visit www.EnviroDaq.com and view the news archive

[TOP](#)

EnviroDaq Company Case Studies

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 Name: TEG Environmental plc

Who we are

TEG Environmental plc (TEG) is a British company listed on AIM. Since incorporation in 1995, it has invested over £8 million in the research and development of the TEG composting technology.

What we do

TEG is a manufacturer of in-vessel composting plants. It sells plant and technology to third party operators and also builds, owns and operates its own facilities to provide a waste processing service. TEG has plants in Preston, Lancashire; Perth, Scotland; and Kildare, Ireland. It has recently sold a technology package to the Council of the City and County of Swansea and to Banham Compost Ltd. A large TEG plant is under construction at Todmorden in West Yorkshire.

TEG builds and operates commercial scale in-vessel composting facilities for the treatment of organic waste streams using TEG's own technology, the TEG Silo Cage system. The TEG silo cage is a thermophilic aerobic in-vessel composting system. It is a continuous flow process incorporating cutting edge technology.

How we do it

The TEG system is unique in the benefits it offers:

- Full Animal By-Products (ABP) approval
- High quality end product – sold commercially
- Continuous operation
- High Capacity
- Small footprint
- Low capital and operating costs
- No forced aeration
- Very good environmental control (odour, dust bio-aerosols)
- No leachate
- Single pass (with flexibility for 2-pass)
- Modular plant capable of capacity extension

Our Competition

TEG has three serious technology providing competitors. Only one of which is based in the UK. They are Agrivert, VCU and Bioganix.

Financial Performance

Interim Results for the half year ended 30 June 2006.

Turnover up over 100-fold to £1.07m (2005: £9,286) on the same period last year, in line with expectations.

– includes revenues from operations in Perth and Preston, and Swansea build project

– second half contributions expected from four projects

Post-tax loss of £0.71m (2005: loss of £0.81m restated)

Fundraising in May, raising £8.05m, again oversubscribed.

Our Future Prospects

The market continues to grow strongly as legislation introduced in 2005 takes effect. We anticipate significant local authority activity as pressure mounts to achieve the statutory LATS targets. Interest in TEG's products is greater than ever and we are enthusiastic about developments in emerging overseas markets. Our formal R&D programmes in the

oil and sewage sectors are very exciting. If trials with Shell are successful in investigating the potential for remediation of oil-based mud drill cuttings, it will present global opportunities.

There is a healthy pipeline of opportunities and the development of the market continues to be strong. Significant growth can be expected.

Board and Management

Nigel Moore, Chairman (non-executive)
Doug Benjafield, Deputy Chairman (non-executive)
Mike Fishwick, Chief Executive
Richard Bilborough, Projects
Tanja Willis, Finance Director
Mike Orr, Director of Business Development
Nial Rees, Director of Business Development
Fiona Maudsley, Director of Business Development
Alan Heyworth, Technical Director
Fergus Healy, Director of Operations

Contact

James Westcott
Business Development Manager
Tel: 01772 314100
Email: james@tegenvironmental.co.uk

[TOP](#)

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 or contact Simon Chiva (s.chiva@ukceed.org; Tel: 01733 312 280)

[TOP](#)

About Envirodaq

The information contained in this newsletter and on the EnviroDaq website has been included for general informational purposes only and no person should make any investment decision in reliance upon the information contained herein. The website and the information contained herein do not constitute an offer to sell or the solicitation of an offer to buy any securities.

[Top](#)

[click here](#)

