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EnviroDaq Newsletter | Issue 10 | July 2007

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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

The EnviroDaq 100 Index is the first index for UK-listed environmental technology companies. It indexes the 100 largest UK-listed companies which derive at least 60% of their turnover from environmentally-focused goods and services. These include renewable energy; energy efficiency equipment; renewable materials; waste management; water and waste water treatment; air pollution control equipment; environmental monitoring and instrumentation; and cleaner technology processes.

The recently upgraded EnviroDaq 100 website (www.envirodaq.com) provides detailed company information, including key financials, company background, broker recommendations and investment ratios. It includes a graphing feature which allows you to create flexible and customisable share graphs for each of the EnviroDaq component securities.

In addition to this, we have sub-divided each of the companies into the 12 official EGS sub-sectors as used by the Department for Business, Enterprise & Regulatory Reform (formerly the DTI). You can access these lists as well as focussed sub-sector news by clicking on the new "Industry Sectors" link on the navigation column.

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 100 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.

The Index was rebalanced this quarter to include new components: Leaf Clean Energy Company (LEAF); Modern Water PLC (MWG); PV Crystalox Solar PLC (PVCS) and ReEnergy Group (RGY). The following

components have been removed from the Index: Biofutures International (BIP); Compact Power Holdings (CPO); Freeplay Energy (FRE), and Traction Technology (TRAC).

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: 141.31

EnviroDaq Index Yesterday Close: 140.98

EnviroDaq Index Movement Today: +0.33%

EnviroDaq Index Movement Last 7 Days: -0.18%

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News In Brief

Investors Rush into Renewables

A record US\$100 billion was invested in renewable energy and energy efficiency technologies in 2006.

A report carried out by the UN Environment Programme revealed that investors pumped US\$71 billion into companies in the sector last year, up by 43% on 2005. It predicts that as much as US\$85 billion could be invested in 2007.

The report also reveals that although renewable energy only provides 2% of the world's energy, it now accounts for 18% of world investment in power generation. The sudden boom has been attributed to ecological concerns, climate change and the high price of oil.

Nor has the investment just benefited European and American companies, as 21% of it went to developing countries in 2006.

Read more [here](#).

Europe Divided On Biofuel Tariff Issue

The European Union has signalled that it is ready to increase imports of biofuel, as long as strict environmental standards are adhered to.

The EU's target is for biofuel to make up at least 10% of vehicle fuels by 2010 in an attempt to curb carbon emissions. But producing biofuel in countries such as Brazil leads to deforestation.

In order to address this – and to protect European biofuels producers – several EU member states have proposed placing tariffs on imported biofuels from outside Europe.

But the EU says that imported fuel which meets all EU standards will not face tariffs, as good quality, sustainably produced imported biofuel is better for the environment than lower quality European biofuel.

EU farmers' group COPA-COGECA disapproves of the EU's anti-tariff stance. It says that the policy condones the deforestation of rainforests and exploitation of workers.

Read more [here](#).

East of England Puts Energy Into Name Change

The East of England's energy industry has launched its new brand: 'The Energy Region – East of England'.

The new slogan was revealed at the recent All Energy event in Aberdeen. The aim of the rebrand is to emphasise that the region remains at the forefront of the energy industry, embracing the new era of renewables alongside its long-established role as the hub of the offshore gas industry.

"Strong brands are important. The principles of branding are the same for regions as for businesses – the East of England is competing with other regions to become one of the top European economies," said Johnathan Reynolds, responsible for strategic development at the East of England Energy Group.

Read more [here](#).

Floating in the Wind

The world's first floating wind turbines could be generating electricity in the North Sea by 2009.

Norwegian energy group, Norsk Hydro, and German engineering firm, Siemens, have signed a research agreement to develop floating wind turbines. It is expected that such turbines would make it easier and more environmentally friendly to power off-shore oil rigs and coastal towns.

A US\$33 million prototype wind turbine could be in use in the North Sea by 2009, according to Norsk Hydro. If this is successful, a small offshore wind park could be built around 2013-14.

The prototype will be 80 metres above the water. It will have 60-metre long blades and will be able to operate in waters over 700 metres deep.

Read more [here](#).

2010 Date for Biofuel Incentive

The UK government has said that incentives for biofuels based on the amount of carbon they saved would be introduced from April 2010.

The government has already confirmed that 5% of motor fuel must come from biofuels by 2010, a measure known as the Renewable Transport Fuels Obligation (RTFO). The policy is expected to deliver carbon savings of one million tonnes a year.

In addition, the government also revealed that from April 2011 biofuels would receive incentives only if certain sustainability targets were met.

Supporters welcomed the move, but critics said the start dates were unrealistic.

Read more [here](#).

Coal Rush Raises Clean Energy Stakes

A leading American professor is warning that increasing global demand for coal is making investment in clean energy ever more urgent.

Robert Socolow, a Princeton University professor, invented the idea that the answer to reducing gas emissions is to split energy production into seven manageable "wedges" of low-carbon energy, like biofuels, nuclear and wind.

The concept got mass exposure through former US Vice President Al Gore's film, "An Inconvenient Truth".

Three years on, Socolow is sticking to his theory. He says that despite a surge in global consumption of coal, greenhouse gas reductions are still achievable.

"We really don't have to wring our hands about the growth of coal, but it means we have to move as quickly as possible," said the professor of mechanical and aerospace engineering.

Read more [here](#).

New Report Outlines Zero Carbon Britain

A new report from the Wales-based Centre for Alternative Technology (CAT) outlines a blueprint for Britain to reduce its carbon emissions to zero by 2027.

The report, ZeroCarbonBritain, proposes a framework of policies to move Britain to a zero carbon economy. It defines a global carbon budget and identifies an equitable portion for the UK.

The strategy calls for the distribution of personal tradable carbon permits and presents a portfolio of technologies and policies that will support the UK's "rapid transition to a nation that is both energy secure and carbon neutral".

Paul Allen, CAT development director and co-author of ZeroCarbonBritain, said, "using only existing and proven technologies, the report maps a potential scenario that could arise from these policies and integrates solutions to the intimately connected issues of climate change, energy security and global equity."

Read more [here](#).

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EnviroDaq 100 Company News

Leapfrog Jumps Ahead

Qconnectis, a energy and water conservation technology and services provider, has begun customer trials with Thames Water of its innovative water leak spotting technology, Leapfrog.

Leapfrog is a small electronic device which is attached to domestic water meters and has the intelligence to spot and size leaks. The product is expected to be a significant contributor to leakage reduction.

Read more [here](#).

Partnership to Develop Domestic Fuel Cell CHP Unit

Fuel cell development company Ceramic Fuel Cells

Limited (CFCL) and E.ON UK, the company that runs Powergen, are to develop a prototype combined heat and power unit (CHP) powered by fuel cells.

The companies will work together to develop a fully-integrated micro CHP unit that can be fitted into homes. The unit will incorporate CFCL's fuel cell technology.

Read more [here](#).

CMR Signs Fuel Cell Joint Venture with Samsung

CMR Fuel Cells, a Cambridge-based compact fuel cell specialist, has signed a joint development agreement with Korean electronics giant Samsung.

Under the terms of the non-exclusive agreement, Samsung and CMR will produce a direct methanol fuel cell system incorporating CMR's mixed reactant stack technology.

The system will be evaluated as a potential alternative to conventional batteries. CMR has already delivered the first stack to Samsung.

Read more [here](#).

Genlec Trials A Success

Alternative energy company Energetix Group has completed an initial field trial of its micro combined heat and power product, Genlec.

Results from the trial indicate that a Genlec-enabled appliance can operate at an energy efficiency of between 90% to 95%, saving the average home around £150 to £200 per year. In addition, it should reduce CO2 emissions by approximately 1 tonne per year compared to a condensing boiler.

Read more [here](#).

TEG Hit by Delay to Manchester PFI Project

TEG Group's work on the £35m Greater Manchester Waste PFI contract has been delayed following a hold-up in finalising the financial contracts for the project.

Financial close for the scheme has been put back from June to September 2007. TEG, a green technology and engineering company, says that it expects a corresponding delay in the conclusion of its contracts with its customer Costain, the company retained by the Viridor/Laing consortium to manage the construction projects for the contract. It means that TEG's profits from the project will probably not be recognised this year.

TEG has also revealed that it is finalising an order from a new customer to build a facility in 2007. Details of the order are to be announced in due course.

Read more [here](#).

SIT Secures US\$3.3m Order From Toyota

Solar Integrated Technologies (SIT), a provider of photovoltaic roofing systems, has won a US\$3.3 million order from photovoltaic roofing installation specialists

Dachland, to be installed on a building owned by Toyota Germany.

The project, in Sachsen, Germany, is expected to be completed in 2007. It is SIT's largest solar roofing installation in Europe to date.

Meanwhile in its home state of California, SIT has completed the US\$4.1 million sale of two new solar power projects on the roofs of two Coca-Cola Bottling Company facilities in California.

The projects, which use SIT's innovative building integrated photovoltaic system, have been sold to UPC Solar, a developer of solar energy projects. The two sites are expected to reduce carbon dioxide (CO₂) emissions by more than 430 tonnes, Nitrogen Oxides (NO_x) emissions by 0.15 tonnes and Sulphur Dioxide (SO₂) emissions by about 23 Kg.

Read more [here](#) and [here](#).

SC Power Scoops Grants in The USA and Europe

SC Power Systems, a subsidiary of Zenergy Power plc, has won two major grants in Europe and the USA.

The first success is an US\$11million grant to design, test and install a high-voltage fault current limiter (FCL) in the Californian electricity grid. The FCL is a scaled up version of the company's ground breaking power and grid stability device.

The grant has been awarded to SC Power as the coordinator of a project team which includes California's largest utility, Southern California Edison, and the Consolidated Edison Company of New York, a subsidiary of Consolidated Edison, one of the largest investor-owned energy companies in the United States.

SC Power's second major success in a week was a €825,000 development grant to its German subsidiary Trithor from the German Ministry of Economics and Technology. The grant is to be used to fund further research into the production of 2nd generation high-temperature superconductive (HTS) materials

Read more [here](#) and [here](#).

D1 Oils and BP Join Forces on Oilseed Project

BP and D1 Oils have formed a 50/50 joint venture to make more sustainable biodiesel feedstock available on a larger scale.

The joint venture company, D1-BP Fuel Crops Limited, will invest around US\$160m over the next five years in planting *Jatropha curcas*, a drought resistant, inedible oilseed-bearing tree which does not compete with food crops for agricultural land or adversely impact the rainforest.

The joint venture will focus on jatropha cultivation in South East Asia, Southern Africa, Central and South America and India. It is anticipated that some one million hectares will be planted over the next four years, with an estimated 300,000 hectares per year thereafter.

D1 Oils will contribute into the joint venture their 172,000 hectares of existing plantations in India,

Southern Africa and South East Asia. The joint venture will also have exclusive access to the elite jatropha seedlings produced through D1 Oils' plant science programme.

Read more [here](#).

Sabien Technology Wins Bank Contract

Sabien Technology Group, the owner of M2G, an energy saving software product that reduces fuel consumption and carbon emissions, has won a £420,000 contract with a leading UK bank.

The bank is already Sabien's largest customer and is engaged in a further roll-out of M2G units over the next 12 months.

Alan O'Brien, CEO of Sabien said, "in the earlier phases of the M2G installations our client has already seen savings of over 20% on its energy bills, with a reduction of 3,835 tons in CO2 emissions and a payback of 54 weeks."

Read more [here](#).

For all the EnviroDaq company news visit 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: Tanfield Group PLC

The Tanfield Group Plc is the world's leading developer and manufacturer of road-going commercial electric vehicles. Based in Newcastle, with operations in the USA and Japan; it employs over 700 staff worldwide.

Its trading division, Smith Electric Vehicles, was founded in 1920 and acquired by Tanfield in 2004. Smith has since grown into a world leader in new technology electric vans and trucks with greatly enhanced performance, speed and range capabilities.

Smith has developed a range of electric vehicles with top speeds of 50mph and a range on one battery charge of up to 150 miles. They are designed for urban duty cycles such as parcel and shopping delivery / collection; logistics and distribution.

Independent research suggests the market for vehicles within these range and speed parameters is approximately 200,000 vehicles per year in the UK and Europe (source: Morgan Stanley).

Edison is a sub-3,500kg vehicle based on the iconic Ford Transit body shell. The Gross Vehicle Weight (GVW) of under 3,500kg is important as this means it can be driven by anyone with a regular UK driving licence –

making the vehicle accessible to 'White Van Man'.

Launched in April 2007, Edison has already won customers like the Royal Mail and Scottish & Southern Energy. Sainsbury's Online has ordered an initial eight vehicles, with a pledge to switch 20% of its urban delivery fleet (approximately 200 vehicles) to electric by September 2008 – and 100% of the fleet by 2010.

Newton is a larger commercial vehicle based on the Avia truck chassis cab and has a GVW of between 7.5t and 12t. Customers include TNT Express (55 vehicles); Royal Mail; Marks & Spencer; DHL; Starbucks and CEVA Logistics.

Contract wins have led to a 600% growth in the share price and AIM-listed Tanfield now has a market capitalisation in excess of £550m. It will shortly complete a £115m placing that will partly facilitate expansion into the USA.

Tanfield says that the argument that these vehicles simply move pollution from the tailpipe to the power station is only partly valid – electric vehicles still represent the best CO2 saving possible of any alternative fuel presently available.

The company calculates that the Edison saves a minimum of 5,000kg of CO2 per vehicle per year, with the larger Newton offering savings in excess of 12,000kg per vehicle per year.

It believes that although electric vehicles are not a panacea for all commercial transport and logistics operations, they can and will play a significant part in reducing the industry's carbon footprint.

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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 or contact Gareth Jones (g.jones@ukceed.org; Tel: 01733 311644).

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