Background and History
Management Team
The Electricity Market
Role of Haven
Delivering Growth
Credit Management
Background and History

Haven founded in 2006
• Strong management team, 140+ years energy experience
• Initial shareholding 76:24 Carron Energy / Welsh Power: management
• Initial focus was SME\(^1\) electricity – traditionally not well served by the Big Six
• Space in the market for a good service, competitively priced offering – Haven supported with a named account manager

Drax acquired 100% of Haven in 2009
• Rationale – credit-efficient route to market
• Opportunity to expand into I&C\(^2\) market

Haven entered I&C market in 2010

Systems investment to support I&C sales
• Major project commenced 2009 – delivered on a phased basis through 2013
• Currently completing migration of SME customers from older platforms
Management Team

Strength in depth

Peter Bennell
CEO
Norweb
Eastern Electricity
TXU
Independent consultant
35 years electricity / gas experience

Rachel Kemsley
Finance
Robson Rhodes
Grant Thornton

Richard Robey
Sales & Marketing
Northern Dairies
Powergen
TXU
Npower
15 years electricity / gas experience

Natalie Keogh
Operations
E.ON
15 years electricity experience

John Talbot
Power Purchasing & Pricing
CEGB
National Grid
County Nat West
Swalec
Eastern Electricity
TXU
Independent consultant
38 years electricity / gas experience

David Crossman
IT
GEC
Eastern Electricity
TXU
Logica
25 years electricity / gas experience

Antony Badger
Supplier Management
Eastern Electricity
TXU
EnDCo
16 years energy experience
The Electricity Market

c.£30bn market; c.300TWh

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>SME</th>
<th>I&amp;C</th>
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<tbody>
<tr>
<td>Margins</td>
<td>~ 5%</td>
<td>~1%</td>
<td>~0.25%</td>
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<tr>
<td>Products</td>
<td>Simple Evergreen Some fixed-term</td>
<td>Simple Fixed-term Some evergreen</td>
<td>Complex Fixed-term Some rolling</td>
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<tr>
<td>Sales channels</td>
<td>Online Telesales In-store</td>
<td>Brokers Telesales Face to Face</td>
<td>Consultants Brokers Direct Consortia</td>
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<tr>
<td>Regulatory environment</td>
<td>Strong</td>
<td>Being strengthened</td>
<td>Basic</td>
</tr>
<tr>
<td>Political</td>
<td>Very</td>
<td>Some</td>
<td>Intensive users lobby strongly</td>
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<tr>
<td>Renewable power potential</td>
<td>Little</td>
<td>Majority</td>
<td>About half</td>
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<tr>
<td>Haven presence</td>
<td>-</td>
<td>Most subject to credit</td>
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</table>

Electricity Market by Volume

Electricity Market by Sites / Meters
Role of Haven

Haven’s value to Drax

Access to the business electricity market
- I&C customers
- SME customers
- c.190TWh market

Credit-efficient route to market
- No collateral support required for retail contracts
- Customer credit risk more controllable than collateral risk

Efficient route to market for Drax’s renewable power

But, highly competitive
- Thin margins
- Flexible contracts rather than fixed price contracts predominate for larger deals
Role of Haven

Scale of operations
Currently targeting 12–15 TWh business
• 2–3 TWh in SME
• 10–12 TWh in I&C

Haven has met its RO(1) entirely through ROCs since Drax acquisition
• RO set annually by DECC
• RO is currently c.21% of power supplied by Haven – will utilise c.1.8M ROCs(2) in 2013
• At c.14TWh, Haven will utilise all the ROCs from one converted unit

Haven have successfully sold all of the levy exempt power from the first converted unit

Drax Group plc (1) Renewable Obligation (2) Renewable Obligation Certificates
Establishing the brand

**Primarily to support I&C sales**
- ‘No-one ever got fired for buying IBM’
- Competitors very entrenched
- Haven had low recognition amongst target customer groups
- Drax / Haven operate as one business

**Targeted low cost marketing**
- Lever Drax and especially biomass
- Intensive work with energy consultants
- Strong presence at key energy events
- Major Energy Users Council sponsorship
- Customer testimonials & limited advertising

**Increasing recognition**
- Initial ‘Haven who?’ no longer an issue
- Doing business with all major consultants
- Receiving many unsolicited tender opportunities
- No issues with tender qualification

**Proposition based on excellent service and competitive pricing**
Delivering Growth – Products and Sales

Active in both SME and I&C markets

Market-leading product range
• Standard
• Assured
• Pass Through
• Flexible

Good range of sales channels
• Direct
  - Account managers
  - Telesales
• Intermediated
  - Brokers (best deal recommendation)
  - Consultants (offer broader advice too)
• Influencers
  - Strong relationships e.g. Major Energy Users Council

<table>
<thead>
<tr>
<th>Contract Type</th>
<th>Energy</th>
<th>Distribution</th>
<th>Transmission</th>
<th>RO</th>
<th>System Balancing</th>
<th>Feed In Tariff</th>
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Sales Channels

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<tbody>
<tr>
<td>Consultants</td>
<td>Telesales</td>
</tr>
</tbody>
</table>
Delivering Growth – Serving Customers

All Haven customers have a named account manager
- Direct dial telephone and email address
- Account manager is responsible for the customer
- Combined trading desk for Flex customers

Strong focus on cash
- Daily cash meetings
- Bad debt experience remains low
- I&C debt experience has been very good

Growing a strong service reputation
- Consistent strong performance in Datamonitor Major Energy Users survey
- Renewals:
  - Good record in SME
  - Excellent performance in I&C

Service based growth
- E.g. now supply whole Santander portfolio after initial smaller contract
Credit Management

Big pool of quality customers
- Can deliver required volume without reducing credit thresholds
- Plenty of headroom in current thresholds

Credit management critical
- Strong credit processes, appropriate to customer
- Regular monitoring, risk management oversight
- Independent review of I&C credit processes

Terms and conditions
- Integral part of our credit processes
- Late payment charges; interest and security all used

Daily cash and payment monitoring
- Reminder calls in advance of due dates
- Rigorous escalation on non-payment
- Excellent record
- Bad debt experience remains low
- Virtually zero aged debt in I&C

Concentration of Credit Check Outcomes - I&C Prospects

Portfolio Results
Summary

Credit-efficient route to market

Substantial sales growth delivered in a tough market

Capability to flex business model to optimise value to Group

Can deliver against both RO and CfD outcomes

Good track record on systems delivery

Capability to support 12–15TWh business

Efficient route to market for renewable power

Utilise all ROCs on first converted unit

Strong cash focus and collection performance

Credit quality remains good and a low bad debt experience