

To start with, SR Energy will be pursuing its business model. Could you please explain what your role in this will be? Am I right that you'll be responsible for finding generators, matching them with consumers and then facilitating the payments?

In simple words our role will be as Octopus Energy, but SR Energy will be much smarter. Our overarching goal is to establish a resilient and sustainable energy supply to customers (communities). Unique service proposition is focused on decarbonization and customization.

De-commoditised energy supply

It's important to point out that not all electricity is identical (as most people come to be convinced in the XX century). Transmission of electricity via public networks and national grid does not make it all identical and does not create a 'national electricity pool' as commonly believed (and can be found in popular literature).

Distinct sustainability characteristics of each baseload block of the energy source can be identified and maintained (via real-time metering monitoring and payment tracing).

Energy customisation

SR Energy notion is that origins of electricity is fully defined by the final recipient of the payments. It doesn't matter where electrons are coming from (these are electromagnetic waves anyway).

If all clients' money goes to a specific renewable generator, it does not matter if their electrons today came from a coal station, or electronic waves interfered in the transmission wires. If this coal station does not receive their money today, tomorrow it will not have money to buy coal.

In this way we will 'de-commoditise' energy by segregating all generators. Every participant pays only to the generators they want, and we don't allow their money to go to anyone else.

Having this approach developed, we will provide our customers means to schedule and implement real-time energy source selection mixing individual energy sources and generators in individual proportions (similarly how wine from different fields and chateaux can be controllably blended)

Customer needs

We expect that sustainability and impact consideration behind energy source selection will be important factors for a significant part of our business and individual customers.

Some customers (or groups of customers) have assets and resources to supply energy for themselves or even their communities. However, most business customers and communities in the UK usually have resources to satisfy only about 6-8% of their own energy needs. Therefore, all the remaining energy needs to be supplied outside the perimeter of the customer or community.

This electricity may come from the overall national grid or from dedicated off-site renewable generation. The off-site renewable generation electricity may be transmitted via private wire or via national grid network.

Sustainability and impact

We expect that sustainability and impact consideration behind energy source selection will be important factors for a significant part of our business and individual customers. Therefore, SR Energy will implement collecting and monitoring sustainability benefits and sustainable impact during the energy source due-diligence process and regular updates.

We foresee sustainability due diligence and monitoring processes to be relatively manageable and cost-efficient at scale. SR Energy plans to build and reuse already sophisticated infrastructure around ESG scores, and impact data created for sustainability compliance and impact finance.

SR Energy role

We believe that most of our customers are actively seeking and require electricity from strictly controlled sources and origin (due to sustainability commitments and corporate communication requirements). Therefore, to satisfy these needs SR Energy will

- *supply offsite renewable energy via public transmission networks*
- *manage intra-group (intra-community) peer-to-peer energy trading*
- *optimise target-side energy demand for individual off-takers or group of off-takers*
- *record and maintain origins and provenance of energy, sustainability and impact characteristics of each baseload block or energy supply unit*

How will you match generators with consumers? Are you using some sort of matching platform, i.e. will consumers be able to choose which generators they want to receive electricity from?

We will utilise the company AI system developed in collaboration with Sheffield Hallam university, Newcastle university and University of Southern Denmark.

This system is not a matching platform (or marketplace). It will act as a real-time AI energy management. *(In the personal banking world analogy is that it is not a system that helps people to shop around and find the best credit card on the market. Instead, it will be a system like Visa/Mastercard system that will manage card transactions for customers and merchants.)*

Our AI system will continuously combine individual forecasts of all generators and consumers into millions or billions of possible mixing and matching options and identify best possible matches for all or most generators and consumers.

Custom and individual pricing

We expect to provide custom and individual selection of energy sources to our business and residential customers. This means some of our business and retail customers may be cheaper but may also be more expensive than current market price and price cap (can be less or more expensive up to about 20%).

For some customers SR Energy will be a premium energy supplier on the market. For some off takers, this price will be very significantly (3-5 times) higher above market and energy price cap. Customers will agree to do that as SR Energy will provide energy 'with provenance' (records of energy sources, sustainability and impact characteristics).

Our pricing model follows established economic practices at other premium markets (premium wine, investment banking, premium sport, premium cars, etc.)

Premium market

SR Energy conducted significant market research and believed that premium and luxury markets are a large and growing market in the UK and Europe. These segments allow value-based pricing detached from costs and provide opportunity for wide margins.

We conducted in-depth consultation with market professionals (including international agency Ogilvy) and identified strong business opportunities at the energy market, applying marketing approaches, methods and business practices that are successful and proven to work in other markets.

Community groups and clubs

SR Energy believes that 'energy transition' is less of a technical problem (renewable technologies exist for a while), it is more a social problem. People are lacking the ability to coordinate and pursue common goals.

SR Energy will provide means and products that will help existing and prospective customers to discover same minded businesses and individuals and organise into energy and sustainability groups.

Club and community products will be provided for a technical environment based on the private wire energy exchange (often known as microgrids) and 'virtual' or 'distributed' clubs connected via public energy transmission and distribution network (for example. supply chain and values-based communities).

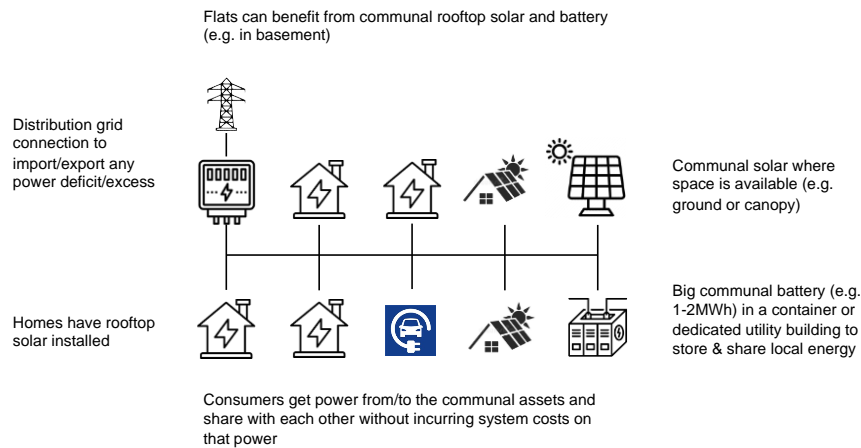


Figure 1: Local microgrid

Where private wire exists, our intelligent system will prioritise energy exchange via these means (including options to temporarily store energy in private or communal batteries). For distributed clubs and communities, our intelligent system will maintain real-time balance energy netting to realise sustainability and impact outcomes and minimise energy export to/ import from the public energy grid at all parts of the community.