



centrica

Energy Marketing & Trading



Route-to-Market (RtM) for Renewable and Optimisation Assets

1st December 2022

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Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Welcome



Chris O'Shea
Centrica CEO



Energy Marketing & Trading is part of a balanced portfolio

Retail

- Energy Supply
- Services & Solutions



Infrastructure

- Flexible Power Generation
- Gas storage
- E&P
- Nuclear



Nuclear



Power & Gas Trading



Trading & Optimisation

Route-to-market for Renewable and Optimisation Assets



LNG Trading and Shipping

Intro to Centrica Energy Marketing & Trading



Cassim Mangerah
MD, EM&T



The big picture

Centrica Energy Marketing & Trading is the Risk Management, Optimisation and Trading arm of Centrica plc.

We are a leading provider of energy risk management and optimisation services to businesses, in addition to managing commodity risk and providing wholesale market access for the Centrica Group.

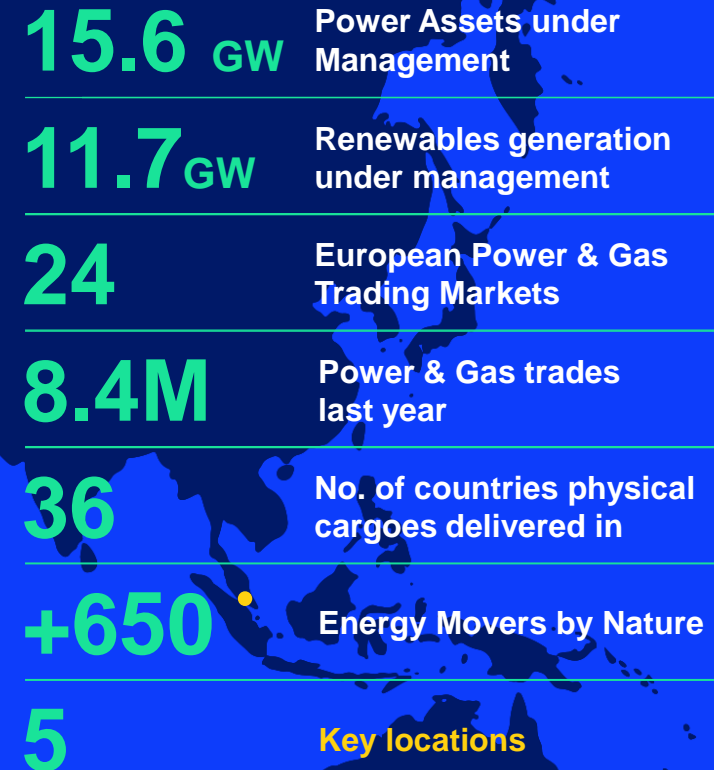
We trade physical as well as financial products and operate a 24/7 logistics business.

We trade Gas, LNG, Power and Green Certificates and connect energy producers, suppliers and off-takers in the wholesale energy markets.

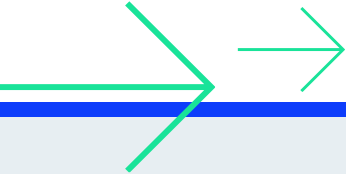
Our mission is to drive the green transition while offering risk management products and services through the value chain – from source to use.

In short, we call ourselves:

Energy Movers by Nature

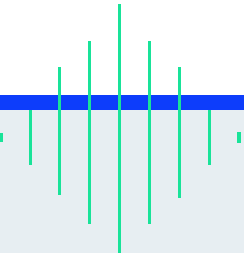


We've developed a compelling business model over several years



Leveraging a leading and comprehensive physical energy trading capability

- Power
- Gas
- LNG
- Renewables



Best-in-Class risk management capabilities for real assets

- Compliance
- Market Risk
- Credit Risk
- Liquidity



Scalable & digital platform across locations

- Pan-European Power & Gas trading footprint
- Global LNG shipping & trading
- Developing digitised platform - 50% automated trade execution



24/7/365 physical optimisation of Centrica and customer-owned energy assets and Centrica supply portfolios

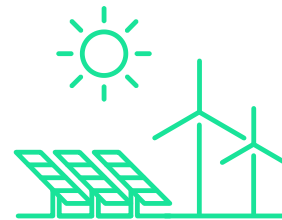


Strong symbiotic relationship between risk management capabilities and trading is leveraged to deliver sustainable growth in gross margin

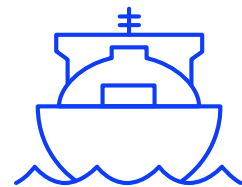
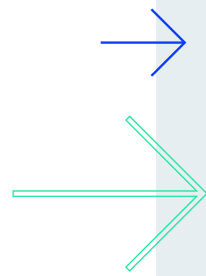
And delivered strong growth in earnings across three commercial pillars



Power & Gas Trading

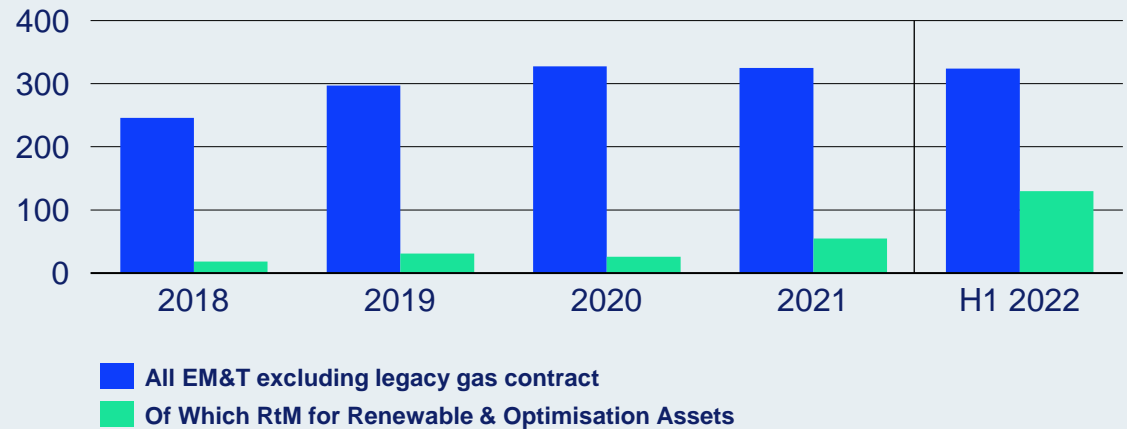


RtM for Renewable and Optimisation Assets



LNG Trading and Shipping

EM&T Gross Margin development (£m)



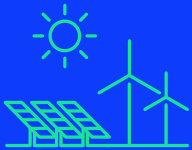
Physical Power Asset Portfolio development (Renewables & Flex) (GW)



Our business model is well-placed to take advantage of key global trends



Power & Gas Trading



RtM for Renewable and Optimisation Assets



LNG Trading and Shipping

Today's focus

Global decarbonisation drive

Security of supply drives in Europe following the Russian invasion

Increased globalisation of energy markets through gas

Route-to-Market (RtM) for Renewable and Optimisation Assets

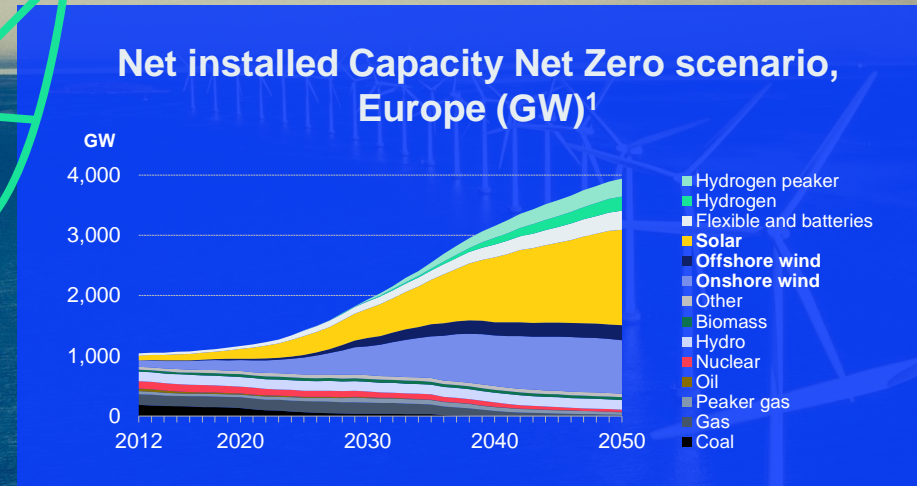
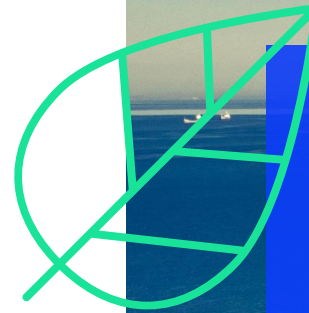


Kristian Gjerløv-Juel
Director, Renewable
Energy Trading &
Optimisation



The renewable energy transition is accelerating to achieve net-zero emissions – boosted by increased governmental ambitions

- Energy market structures transitioning to renewable power generation
- Renewable capacity increasingly **owned by Independent Power Producers**
 - No or limited in-house power trading capabilities
- Increased **demand for commodity risk management** as part of Power Purchase Agreements (PPAs)
- Increased interest from large **corporate organisations to procure sustainable power to achieve net-zero ambitions**



United Kingdom 2030 Targets

Source	2023	2030 Target
Solar	14GW	50GW
Offshore Wind	11GW	50GW

100% Renewables electricity by 2035

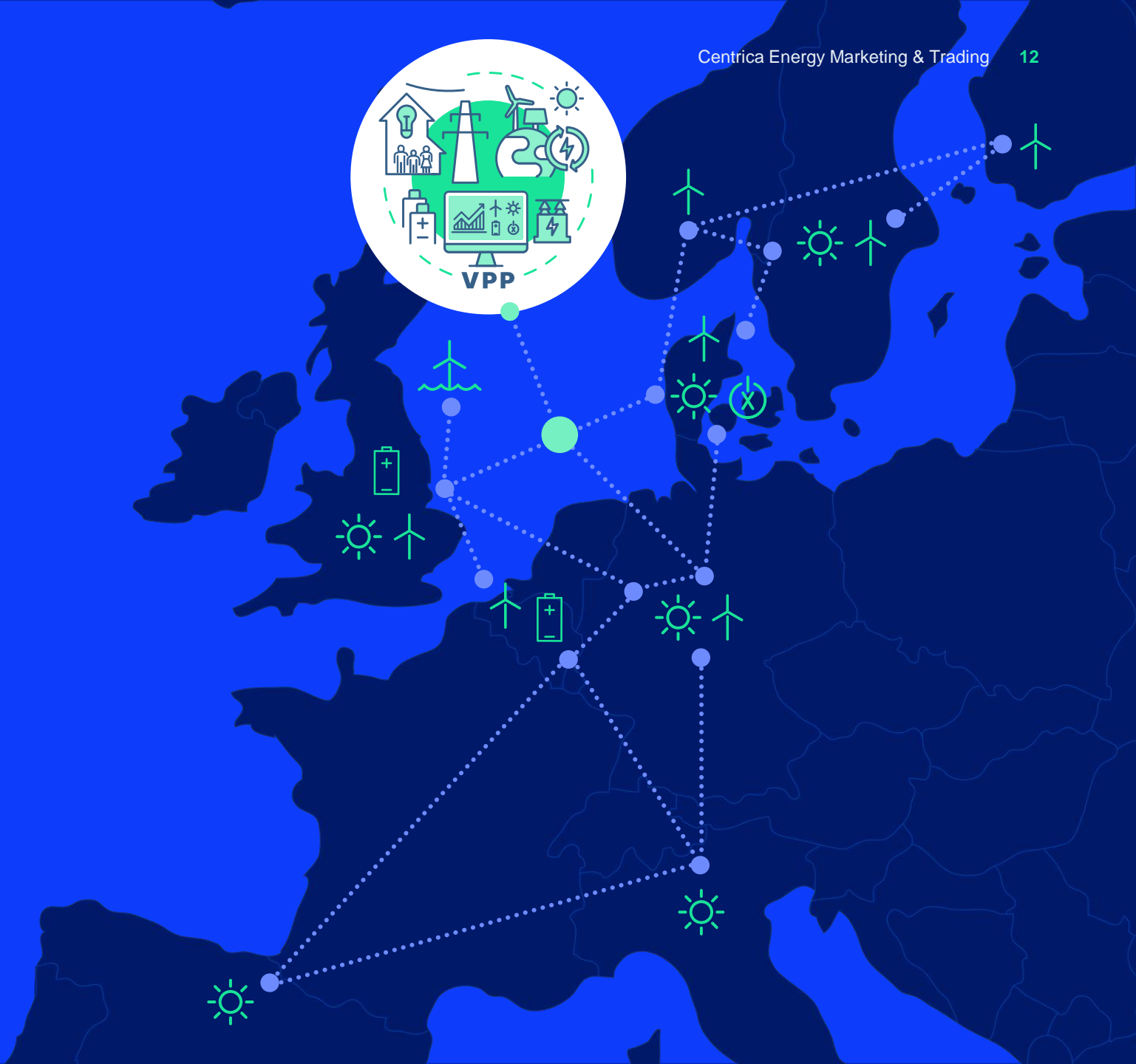
European Union 2030 Targets

Source	2023	2030 Target
Solar	160GW	600GW
Offshore Wind	15.6GW	60GW

45% Renewables in final energy consumption by 2030

1. Net installed Capacity, Net Zero scenario, BloombergNEF – European Energy Transition Outlook 2022

Serving this transition, over the last 15 years we've developed a 24/7/365 operational platform for renewable energy trading and built a diversified portfolio of renewable assets across Europe that continues to grow.



- Onshore Wind
- Offshore Wind
- Solar
- Battery
- Electrolysers / PtX

Today, Centrica holds one of Europe's largest third-party renewable energy portfolios and the most advanced, cross-European virtual, renewable Power Plant

15.6

GW Capacity

11.7

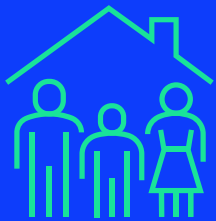
GW Wind & Solar Capacity

3.9

GW Flexible Assets

~5000

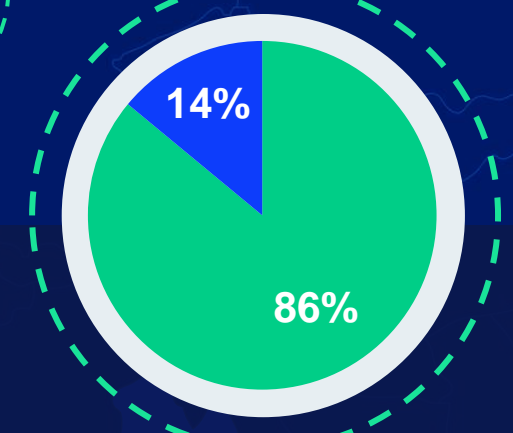
physical generation meter points



Generation equivalent to the power consumption of ~9 million UK homes

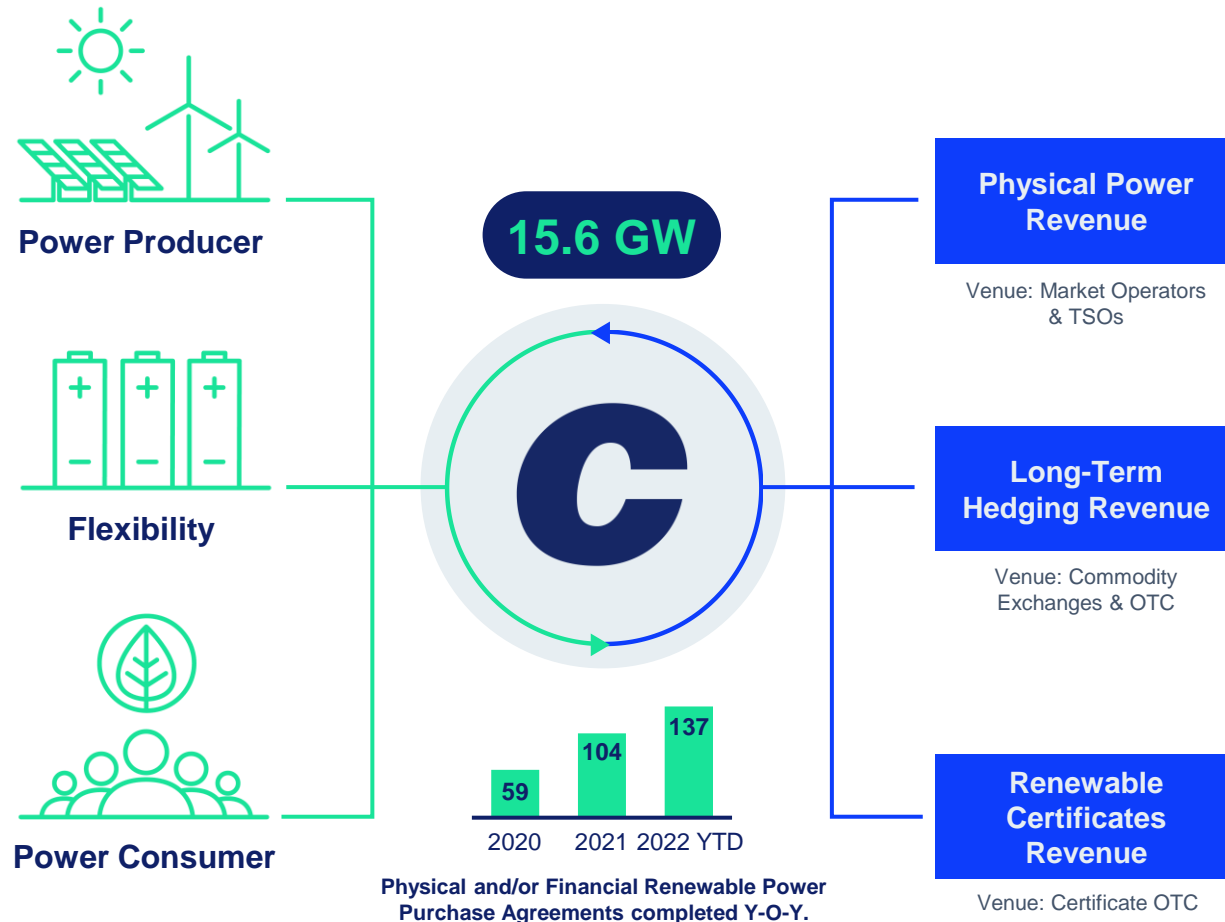


The 5 largest Power Plants in UK holds ~14.6 GW Capacity



● Renewable GW tenor > 31.12.2024
● Renewable GW tenor < 31.12.2024

The capabilities developed gives us a significant competitive edge



Physical VPP platform. Application of market leading, proprietary technology in physical optimisation. Supporting grids and supply efficiency

- Artificial intelligence and machine learning technology for portfolio, grid and market analytics
- Best in market scientific weather applications
- Portfolio composition in aggregation systems
- Remote controlling and communication
- Market leading user interface
- Market connection points across Europe

Risk Management Platform

- Best in class frameworks for PPA specific risks
- Long term agreements, enabling investment financing
- Unique corporate ppa configuration capabilities

The recent Corporate PPA with Vodafone is a good example

Centrica's first UK corporate PPA case with renewable capacity **additionality** for the consumer.



Value-add to Mytilineos/Metka:

- Long-term fixed pricing supports **bankability**
- Risk mgmt. of the solar assets' power deliveries – particularly **balancing** risk management
- Professional partner to deliver power to corporate consumer, **shaped** to required consumption profile

Value-add to Centrica:

- Diversification of physical portfolio in UK (synergy with wind portfolio)
- Centrica's first PPA with aggregation of multiple assets into one PPA
- Attractive risk premium, nomination fee and a working capital positive deal
- Raises our profile as a full-service supplier in securing renewable corporate PPAs and the green transition

Value-add to Vodafone:

- **Asset specific green power supply**
- Vodafone ensured **"additionality"** as the cPPA enables financing for the solar assets
- Fixed pricing to allow for **electricity budget security**

We're well-positioned to capture current and future opportunities

Our proprietary software platform is developed to scale in new markets

We've got a track-record for capturing value in changing markets

We've got ambitious growth plans for renewables in our core markets

New European and global markets are entering the same trajectory as our core markets

ESG demands from corporates lead to increased need for physical, renewables traceability

Electrolysers and large-scale electrification will significantly drive demand for PPAs

We aim to double our assets under management over the next 5 years, with increased shares of higher margin unsubsidised Corporate PPAs

Summary

Energy Marketing & Trading is a core part of our portfolio

- Provisioning risk management services for the Group
- Developed world class optimisation capabilities
- Plays an important role in storing, transporting and balancing energy supply and demand across Europe

We have one of Europe's largest third-party renewable energy portfolios

- Advanced pan-European virtual renewable power plant
- Set up to capture material value from renewables growth across Europe

Optimisation capabilities key to Centrica infrastructure investments aligned to the energy transition

Our business model is well-placed to take advantage of key global trends

Energy Movers by Nature | Centrica Energy Marketing & Trading

Today's focus

- Power & Gas Trading
- RIM for Renewable and Optimisation Assets
- LNG Trading and Shipping

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Q & A

