

Green investment fund started by Al Gore takes £440m stake in UK's Octopus Energy

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A clean energy investor headed by former US vice-president Al Gore has taken a £440 million stake in Octopus Energy – in a deal valuing the UK energy company at up to £3.37 billion.

Generation Investment Management has taken a 13 per cent stake in the gas and renewable electricity provider which has millions of customers around the world and is now the [UK's fifth biggest energy company](#).

By comparison, [British Gas owner Centrica](#) is valued at around £3.28 billion.

Octopus was launched in 2016 and its domestic energy arm serves more than 2.2 million customers through Octopus Energy, M&S Energy, Affect Energy, Ebico, London Power and Co-op Energy.

The entech – or energy tech – firm is formally headquartered in London but employs several hundred people in its Leicester base.

It recently entered the Spanish market by acquiring green energy start-up Umeme, and said it hopes to have a million

customers there by 2027.

It is also now in Japan, Germany and the US, as well as Australia where energy company Origin Energy last year took a 20 per cent share in Octopus Energy's technology platform, Kraken.

Back in the UK it has just taken on 580,000 customers of [Hinckley-based Avro Energy](#) which collapsed last week after being heavily impacted by the UK gas crisis which has seen prices soar.

Latest available accounts for Octopus Energy Ltd, to April 2020, showed revenues had more than doubled at £1.2 billion, with operating losses up at £48 million due to things such as investment in growth, brand, "continued obsessive focus on customers", technology led pricing and risk management.

Generation Investment Management was founded in 2004 by seven founding partners including Mr Gore, who was Bill Clinton's vice president and the Democratic nominee for the 2000 presidential election. It was set up to fight climate change and help lead the way in sustainable, environmental and socially acceptable investing.

Octopus said the backing will accelerate what it calls its "global green energy mission" and valued the UK business at "\$4 billion pre-deal, and up to \$4.6 billion post-deal".

It said: "Octopus will use the proceeds of Generation's strategic investment to turbo boost its mission to drive the renewable revolution globally.

"Octopus's technology platform, Kraken, is already contracted to deliver outstanding customer experience, hyper efficient operations and cleaner and smarter energy solutions to 17 million energy accounts globally, through Octopus's own retail businesses in the UK, USA, Germany, Spain and New Zealand."



Octopus Energy Leicester offices

[Octopus founder and chief executive Greg Jackson](#) told the BBC that he believed Al Gore was looking to invest in the “changes that we need to see in the energy system globally”.

He said: “After all, if we had more renewables here in the UK prior to the recent fossil fuel price crisis, we wouldn’t be seeing such high prices for energy.”

[Octopus Energy](#) makes a virtue of the fact that its electricity is all green, while it offsets some of the carbon from its gas supplies.

Back in 2019 Mr Jackson told BusinessLive one of the reasons it had succeeded where so many energy company’s have failed is due to an emphasis on service rather than simply trying to offer unsustainable deals for customers – then snatching the discounts away once the customer is settled in.

The business chose the Midlands, [specifically Leicester](#), as

its base because he felt it “represented the future of Britain”.

Back then he said: “Our mission is to make the transition to green energy affordable – in fact our job is to make greener energy cheaper than dirty energy and to provide outstanding customer service while we’re doing it.”

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