

AYRSHIRE POWER LIMITED

Ayrshire Power submits EU funding bid for Hunterston project

Ayrshire Power Limited (APL), the company proposing to build a new multi-fuel power station at Hunterston, North Ayrshire, Scotland announced today that Peel Energy Carbon Capture and Storage Ltd (PECCS), a sister company within the Peel Group, has submitted a bid for funding support through the European Union's NER 300 demonstration carbon capture and storage (CCS) funding competition. PECCS would deliver the CCS elements of the development should the project proceed.

The submission is aimed at securing funding for the CCS aspects of the proposed facility which would burn both coal and biomass and use highly efficient modern technology with strict emissions control.

Muir Miller, project director at Ayrshire Power, commented:

“Our NER 300 funding submission is another important milestone in the process and demonstrates our commitment to delivering a project which, together with other CCS initiatives, will take Scotland one step closer to becoming a world leader in pioneering CCS technology.

“A successful bid for funding support will enable us and our consortium partners, to progress our vision for this development which will play a central role in enabling Scotland to meet its low carbon energy needs for decades to come.

“Our application for NER 300 funding has been submitted to the UK's Department of Energy and Climate Change (DECC) who will carry out an initial assessment over the next few months. Following negotiations with DECC it is expected that the application will be submitted to the European Commission for detailed consideration in May 2011.”

Following an extended period of due diligence by the European Investment Bank on behalf of the European Commission an announcement on successful applicants is expected to be made in late 2012.

In addition to its first competition, DECC has also confirmed its intention to provide financial support to a further three CCS projects in the UK and has indicated that it hopes to align the timetable for projects 2 – 4 to that of the NER 300 competition. PECCS intends to submit a funding application to the UK Demonstration CCS competitions at the appropriate time.

Muir Miller continued:

“With the formation of our consortium and our submission for EU funding we are now building momentum on the Hunterston project. Subject to the necessary approvals, we could begin work soon after a successful funding award”

In December 2010, Ayrshire Power announced that it had formed a consortium consisting of leading carbon capture and power solutions provider Doosan Power Systems, engineering services company Fluor Limited and Petrofac, an international provider of facilities solutions to the oil, gas and energy industries.

Ayrshire Power’s proposals for a new 1852MWe power station with CCS were submitted to the Scottish Government’s Energy Consents and Deployment Unit in June 2010. The company is currently working closely with all of the key stakeholders including North Ayrshire Council, Scottish Natural Heritage and the Scottish Environment Protection Agency to address the issues raised by the application.

The power station has been designed based on the implementation of CCS technology in line with the latest UK and Scottish Government guidance. Furthermore, using the latest supercritical power station technology will significantly increase efficiency and thereby reduce coal consumption. Even after allowing for the energy required to operate the CCS facility, the station is expected to be more efficient than any other coal fired power plant in the UK and ultimately would capture 90% of the CO₂ produced by the plant.

It is estimated that the new plant could meet the electricity needs of up to 3 million homes. It would create a significant number of jobs in Scotland, including more than 100 professional engineering jobs in Renfrew, around 1,600 construction jobs in North Ayrshire at the peak of the construction phase and approximately 160 on an on-going basis once the plant is up and running. The new plant would require many hundreds of millions of pounds of CCS equipment, much of which could be procured in Scotland, representing a major opportunity for local suppliers.

-Ends-

Further detail on the project is available at www.ayrshirepower.co.uk.

For further information contact Stephen McCrossan on 0141 333 9585 or stephen.mccrossan@bigpartnership.co.uk.

Notes to Editors:

Ayrshire Power Ltd

Ayrshire Power Ltd is owned by Peel Energy which is at the forefront of delivering low carbon energy for the UK. The company has a balanced portfolio of more than 3GW in generation or development including wind, tidal power, biomass and multi-fuel power plants with carbon capture and storage.

Peel Energy and Peel Energy CCS Limited are part of the Peel Group, a leading real estate, transport and infrastructure investment company with assets under management of £6bn, employing some 5,000 people.

The application is submitted under Section 36 of the Electricity Act 1989.

NER 300

In 2010, the EU opened a competition for CCS and renewable energy project sponsors across Member States to bid for support from an anticipated €4.5 billion fund. The New Entrant Reserve funding mechanism – NER 300 – will be used to support up to eight CCS and 34 renewable energy projects across the EU with the CCS projects demonstrating how CO₂ can be safely captured and stored underground as part of the fight against climate change.