

6 November 2009

Ceres Power Holdings plc

Ceres Power begins European market entry for residential CHP with Bord Gáis, Ireland

Ceres Power ('Ceres', the 'Company', the 'Group') today announces that it has signed an agreement (the 'Agreement') with Bord Gáis Éireann ('BGE') for residential combined heat and power ('CHP') products operating on natural gas for the Irish market (including the Republic of Ireland and Northern Ireland). This marks the first international contract for Ceres Power outside mainland UK and forms part of the Group's expansion plans into Europe, initially targeting highly adjacent growth markets.

The Agreement with BGE builds upon Ceres Power's existing natural gas CHP programme with British Gas, and will use the same core technology platform, allowing the Company to exploit economies of scale. Under the Agreement, Ceres and BGE aim to establish CHP as the low carbon residential energy system of choice for Ireland. There are more than 2.5 million homes in the island of Ireland and Bord Gáis Energy, the retail arm of Bord Gáis, is Ireland's leading dual fuel energy supplier selling natural gas and electricity to all market segments. Bord Gáis also provides appliance servicing of products to customers focusing on boiler service and repair and has recently announced a major energy efficiency Home Services Initiative in 2010 offering homeowners a full-scale energy efficiency service.

Under the terms of the Agreement, BGE will pay Ceres £1.6 million in milestone payments during the development and trialling of the CHP Product (the 'Initial Phase'), including an up-front payment of £1 million. In addition, BGE has agreed to place a call-off order for 16,000 CHP products in aggregate over a four-year period for the Irish market, conditional upon successful completion of the Initial Phase and agreement of standard commercial terms, including the price, for the supply of CHP products. Subject to BGE meeting minimum order volumes, Ceres has agreed to sell the CHP product to BGE for the Irish market on an exclusive basis for a four year period anticipated to begin in early 2012.

Ceres and BGE intend to maximise sales of the residential CHP Product by addressing both the installed base of existing homes that would benefit from an upgrade as well as the annual boiler replacement market. Both of these customer groups will be able to enjoy convenient, low carbon, cost-competitive energy with this environmentally friendly product.

Peter Bance, CEO of Ceres Power, said:

"We are delighted to have formed this relationship with Bord Gáis Éireann which builds on Ceres Power's leadership position in the residential CHP market and marks the beginning of our expansion plans internationally. Our technology has the potential to address exciting markets across Europe as well as North America and Asia. This new contract helps further underpin our investment in the Horsham factory that will create new skilled 'green collar' jobs in the UK and in our extended supply chain."

John Mullins, Chief Executive of Bord Gáis Éireann, said:

"Working with Ceres Power on this revolutionary technology further highlights Bord Gáis' position as a market leader and green energy innovator in Ireland. The Ceres Power residential CHP product will help accelerate a transition to a low carbon economy and make much more efficient use of precious energy resources. The CHP product has the potential to deliver significant energy savings, carbon emissions reductions and improved overall energy efficiency for the retrofit residential market in the Island of Ireland. We look forward to bringing this product to our customers as part of our strategy to be Ireland's sustainable provider of customer-led energy solutions. "

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Notes to Editors

Bord Gáis Éireann is Ireland's leading dual fuel energy supplier, providing customers with natural gas and electricity in Ireland and providing residential customers with gas appliance service and repair products. The company built and owns over 12,000km of gas pipeline, including two sub-sea interconnectors with Scotland from where Ireland gets over 92% of its gas supplies. Bord Gais has both a transmission pipeline business and a gas supply/distribution business in Northern Ireland. The company is majority owned by the Irish government. The company is currently investing €400 million in the construction of a 445MW gas fired power plant in Co. Cork which will achieve commercial production in 2010. Bord Gais is also committing an investment of up to €250 million in the development of four 100MW gas cycle turbines and has committed over €250 million to renewable energy developments. These investments underpin the company's developments as a full service dual fuel provider in Ireland.

Further information on Ceres Power can be found at www.cerespower.com

This information is provided by RNS
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