

SCOTTISH AND SOUTHERN ENERGY PLC Significant investment in Geothermal International Ltd

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Scottish and Southern Energy plc (“SSE”) has agreed to invest up to £15 million in cash for a 20 per cent stake in Geothermal International Ltd, from existing shareholders. The investment will be made on a phased basis over the next six months.

Geothermal International Ltd (GI) is the UK’s leading supplier of ground source heating and cooling systems. The business is well established and currently has extensive operations throughout the UK and Ireland, and to a lesser extent in Europe. It is primarily active in the commercial building sector. Since becoming established in 2000, it has installed over 1300 ground source heat pump systems, amounting to over 90MW of installed capacity, sized from 6kW to 10MW.

Ground source heat pump systems can be used to transfer energy between buildings and the surface crust of the planet, or surrounding air, providing a renewable energy efficient means of heating and cooling buildings. They are a practical, cost-effective and energy efficient way of achieving the high targets now being set in British cities for renewable energy penetration in new developments. Heating and cooling costs are dramatically reduced with ground source technology, up to 70% annually, and building carbon emissions can be also reduced by 50%.

SSE will benefit from having a commercial offering in geothermal energy and a significant stake in a business which is currently dominating a rapidly growing sector of the European heat market.

Ian Marchant, Chief Executive of SSE said: “SSE is rapidly building a strong portfolio of clean energy businesses that cover almost every part of the renewable and alternative energy market in the UK. Geothermal energy has been an obvious missing piece in this portfolio and this deal fills the gap very effectively.

“Geothermal International is a well established business with a proven capability and will play a major role in supporting our growing Energy Services business. It provides SSE with access to renewable heat technologies that compliment the renewable electricity technologies we have already invested in, and reinforces our commitment to offer customers a complete range of renewable energy solutions.

“This is likely to become the largest direct investment made by our ventures team and represents the ninth deal since the team was created a year ago.”

Brian Davidson, CEO of Geothermal International, said: “Geothermal International has built a unique position within the ground source heat pump sector. The company offers a complete service to the commercial buildings market and has a reputation for pioneering ground loop design, as well as the capability and track record to install large systems for an array of commercial buildings.

“The investment and strategic partnership with SSE is a vote of confidence for the technology by one of the UK’s leading utility companies. This partnership will provide numerous commercial and strategic opportunities for GI, and help to grow the business to the next stage of development. We look forward to working with SSE’s other renewable energy partners, as well as providing ESCO solutions for developers, house builders and local authorities that deploy ground source heat pumps on a large scale.”

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