



Partnership Aegir to develop Shetland's first wave power project

Swedish utility officially opens its first office in Scotland marking deal with world leading wave power company

Pelamis Wave Power, the Edinburgh technology developer, and Vattenfall, one of the largest utilities in Europe, launched a joint-venture today to develop the first wave power project off the Shetland Islands.

The launch of the joint-venture, called Aegir, was announced the same day that Vattenfall's new office in Edinburgh, and the first in Scotland, was officially opened by the First Minister, the Rt Hon Alex Salmond MP, MSP.

Aegir has been set up to explore wave power development opportunities in Scottish waters and plans to deploy Pelamis Wave Power's second generation 'P-2' wave energy converter on the developed site.

Aegir is keen to identify and confirm a potential site off the Shetland Islands' west coast and make progress towards installing a project up to 20 megawatts in scale. This would make the project a potential candidate for the Saltire Prize, the Scottish Government's marine power innovation award.

Dr Helmar Rendez, the Head of Group Function Strategies at Vattenfall, which incorporates the research and development arm of the European energy company, said: "Vattenfall intends to make electricity clean by 2050 and halve its carbon emissions by 2030; this means we must invest in the green energy technologies of today and tomorrow.

"The partnership with Pelamis allows us to work on developing a site that will prove very productive when we make wave power a commercial reality. We are pleased to tie-up with Pelamis and take this project forward as we have big hopes for the future of wave power and see Scotland as a good place to do this."

Neels Kriek, the new Pelamis Wave Power Chief Executive, said: "We are delighted to be working with Vattenfall on this ground breaking project which we hope will be one of many for our Scottish built P-2 Pelamis machine. We also anticipate this project being a leading candidate for the Scottish Government's Saltire Prize for commercially proven wave power technology."

Aegir is working towards installing a first phase, multi-machine array, with an installed capacity of up to 20 megawatts (MW). Vattenfall's ambition is for wave power projects to grow to the scale of offshore wind projects and the Aegir project is seen as a key stepping stone to that ambition and the opportunity that exists in the Shetland Isles. The

first phase will be installed by 2014 if planning consent is gained and the planned sub-sea cable between the Shetland Islands and mainland of Scotland is constructed.

A programme of engagement with Shetland islanders is already underway and Clare Lavelle, the Project Manager with Pelamis and Aegir, underlined the commitment to effective engagement by saying: "We will work closely with Shetland islanders right through this process to identify and develop the best possible project because we recognise that this cannot be done without the support of the people and businesses of the Shetland Islands."

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Contact: Kenny Fleming at Grayling on Kenneth.Fleming@sc.grayling.com or 0131 560 2947

About Aegir Wave Power Ltd

Aegir Wave Power Ltd is a 51%/49% joint venture between Vattenfall AB's and Pelamis Wave Power. The joint venture agreement was concluded in December 2009.

The Aegir Chief Executive is John Price and the Project Manager is Clare Lavelle.

www.vattenfall.com

www.pelamiswave.com

Aegir is a sea god, or king of the sea, in Norse mythology.

About Pelamis Wave Power

Pelamis Wave Power is headquartered in Leith, Edinburgh. Established in 1998, the company employs ~70 staff and is one of the UK's largest renewable energy technology manufacturing companies.

The company was the first to generate electricity into the UK grid from offshore wave energy in 2004, the first to secure an order for a multiple machine project and the first to operate a wave farm anywhere in the world, in 2008. It is currently building its next generation machine, the P-2, which will be deployed at the European Marine Energy Centre in 2010.

Deployed as multiple units in 'wave farms', each Pelamis machine can produce sufficient electricity each year to meet the equivalent annual average electricity demand of ~500 UK households.

About Vattenfall AB

Vattenfall, celebrating its centenary this year, is a European energy company owned by the Swedish State. It is the fifth largest generator of electricity and largest generator of heat in Europe.

Vattenfall Wind Power UK is a business unit of Vattenfall developing and operating wind farms on and offshore. It currently has 90MW of installed offshore wind capacity generating electricity and 450MW under construction. Onshore 41.4MW is under construction in Scotland and 150.4MW going through the Scottish and English planning

systems. Last year Vattenfall Wind Power entered into a joint-venture with ScottishPower Renewables to explore opportunities in offshore wind.

Vattenfall believes that ocean energy will be the next renewable technology to be commercialised within 10 to 15 years. As part of this we have initiated a Research and Development programme in ocean energy. The aim of Vattenfall's Ocean energy Programme is to meet the demands and expectations of our customers and support our strategic direction "making electricity clean". We are currently developing expertise in deploying, operating and maintaining wave power plants. We want to gain experience in performance, survivability, reliability, and operation and maintenance costs. We also want to acquire ocean sites where conditions are especially favourable to try out wave energy equipment. Challenges that lie ahead are grid connections, permitting processes, operational and maintenance, and the harsh marine climate.

About wave energy

Scotland has an excellent wave energy resource with an estimated 14GW of practically exploitable energy from the waters around Scotland. Recognising the need to drive forwards wave power deployment and associated cost reductions from economies of scale, the Scottish Government recently amended the Renewables Obligation Scotland to provide an enhanced revenue stream for wave energy to facilitate utility sector investment in wave power projects

The Forum for Renewable Energy Development in Scotland (FREDS) has estimated that 1,300MW of marine power could be installed by 2020, creating 7,000 direct jobs and leading to a substantial export market.

To establish wave power in Scotland is therefore one step in the right strategic direction for Vattenfall.