

World's First Commercial Wave Power Project goes live

Babcock & Brown, EDP, and Efacec join forces in the development of wave energy

Leixões, Portugal, 23 September 2008

The world's first commercial wave power project will be inaugurated today at a ceremony in Aguçadoura, on the Portuguese coast.

The project, is a joint venture with 77% owned by a group of three promoters comprising global specialist asset manager, Babcock & Brown (ASX: BNB), Energias de Portugal (EDP PL / EDP.LS) and Efacec and Pelamis Wave Power Limited (Pelamis) who hold the remaining 23%. The announcement is a significant step forward in efforts to harness wave power as a commercially viable source of electricity. Babcock and Brown will retain 46.2% share in the project while EDP will retain a 15.4% interest, with an option to acquire a further 15.4% from Babcock & Brown. Efacec will retain a 15.4% interest on the project. The total project investment is around 9 million Euros.

This project is part of a broader partnership that Babcock & Brown, EDP,- and Efacec, have agreed today, the Ondas de Portugal consortium (Waves of Portugal) which will focus on the development of experimental wave energy projects. The Aguçadoura project will be the first of a series of projects undertaken by the partnership. EDP will have a 45% stake in the consortium while Eneris will retain 35% and Efacec the remaining 20%. The association between two project promoters and Efacec, an industrial manufacturer, will enable the development of a Portuguese wave energy cluster, which will be able to promote electricity production projects with complementary equipment development and manufacturing units. This Portuguese based cluster will maintain and develop a close connection with the local knowledge centres on the field, thus supporting the creation of jobs as well as driving knowledge and understanding of the sector.

The Aguçadoura project will initially generate power using 3 Pelamis Wave Energy Converters (PWEC) which are a semi-submerged, articulated structures composed of cylindrical sections linked by hinged joints. In this first phase the total investment corresponds to about 9 million Euros. The second phase of the project will be to manufacture and install a further twenty five machines and bring the installed capacity up to 21MW. The generators are located approximately 3 miles off the coast.

Once complete the project is expected to meet the average annual electricity demand of more than 15,000 Portuguese households whilst displacing more than 60,000 tonnes per year of carbon dioxide emissions from conventional generating plant.

The project benefits from the Portuguese government legislation and implementation of a long-term feed in tariff for the electricity generated by the project. This incentive will in the future allow the project financing of these initiatives and provides an incentive for investment in the nascent technology by project financiers and technology providers like Babcock & Brown, EDP, Efacec and Pelamis.

Antonino Lo Bianco, European Head of Infrastructure at Babcock and Brown, said, "I am very pleased to be announcing the start of this milestone project today. Wave power offers huge potential, not just for Portugal but for many countries around the world where the harnessing of an inexhaustible supply of wave energy will produce a clean, zero carbon energy domestically. We expect wave power to become a widespread renewable energy technology and look forward to the benefits that investing at this early stage will bring."

António Mexia, CEO of EDP, said “This project and the Ondas the Portugal consortium we are launching here today is another step in EDP’s strategy to maintain and reinforce a global leadership position in renewable energy production; we believe innovation and execution are key in the energy business, allowing EDP to maximize delivery of shareholder value.”

Luis Filipe Pereira , CEO of EFACEC, said “EFACEC has been present from the first moment in many different forms of Renewable Energies, as a main contractor, installer or technology supplier. We believe in wave power technology development potential, and we intend to be involved from the beginning, in such an interesting project. The added value and differentiation offered by EFACEC consists of its strong capability for management and integration of several technologies in complex projects.”

Phil Metcalf, CEO of Pelamis Wave Power said “We see this project as an important strategic step to underpin continued commercial growth and technological development. We can certainly predict that Portugal will benefit substantially from taking this visionary lead in developing its wave energy resources.”

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About Wave Energy

Wave energy is essentially stored, concentrated wind energy, the waves being created by the progressive transfer of energy from the wind as it blows over the surface of the water. Wave energy could play a major part in the world’s efforts to combat climate change, and according to the British Wind Energy Association, could displace 1 – 2 billion tonnes of CO₂ per annum from conventional fossil fuel generating sources. Such installations would also provide many employment opportunities in construction, operations and maintenance. As an indigenous resource that will never run out, wave power would provide Portugal with security of supply.

About Pelamis Wave Energy Converters

PWECs are semi-submerged, articulated structures composed of cylindrical sections linked by hinged joints. The wave-induced motion of these joints is resisted by hydraulic rams, which pump high-pressure fluid through hydraulic motors via smoothing accumulators. The hydraulic motors drive electrical generators to produce electricity. Power from all the joints is fed down a single umbilical cable to a junction on the sea bed. Several devices can be connected together and linked to shore through a single seabed cable.

Current production machines are 140m long and 3.5m in diameter with 3 power conversion modules per machine. Each machine is rated at 750kW. The energy produced by Pelamis is dependent upon the conditions of the installation site. Depending on the wave resource, machines will on average produce 25-40% of the full rated output over the course of a year.

Each machine can provide sufficient power to meet the annual electricity demand of approximately 500 homes.

Notes to Editors:

About Babcock & Brown

Babcock & Brown is a leading global alternative asset manager specialising in the origination and management of asset in sectors where Babcock & Brown has a leading franchise and proven track record, and where there are opportunities to add scale: Infrastructure, Air Operating Leasing and selected Real Estate.

Babcock & Brown operates from 33 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 1,500 employees worldwide.

The company has established a specialised funds and asset management platform across the operating divisions that has resulted in the establishment of a number of listed and unlisted focused investment vehicles in areas including real estate, renewable energy and infrastructure.

EDP, Energias de Portugal

EDP Group is one of the major European operators of the energy sector, being the third in the Iberian Peninsula, and the largest Portuguese industrial group. EDP is the only company of the energy sector in the Iberian Peninsula with generation, distribution and supply activities in Portugal and Spain - where it controls the fourth largest Spanish electricity operator, HC Energía. In addition, EDP has a relevant position in the gas sector in the Iberian Peninsula, through Naturgas in Spain, the second market operator, and EDP Gás in Portugal, the second distribution company.

Internationally, and in addition to the Iberian Peninsula, EDP Group has also a strong position in the Brazilian electricity sector, where it produces, distributes and supplies electricity through Energias do Brasil.

EDP Group is the fourth largest wind-energy producers worldwide after acquiring Horizon Wind Energy in the United States, with wind farms in 17 US states.

In wind energy, EDP Group operates in Portugal, in Spain, France, Belgium, and more recently, in Poland.

About Pelamis Wave Power

Headquartered in Edinburgh, Scotland, Pelamis Wave Power (www.pelamiswave.com) has been developing the Pelamis technology for the past 10 years. The prototype for the Portuguese machines was launched in February 2004 and first supplied electricity to the UK grid in August 2004. The company has worked closely with a wide range of Portuguese suppliers in the development of this project and with a view to the onward commercial roll out of the technology in Portugal.

About the Project

This project benefits from a special feed in tariff established by the Portuguese Government to support the first wave energy installations. The tariff of 25c/kWh is higher than that provided to wind energy but below that provided to solar energy – both now relatively mature technologies which have enjoyed significant cost reductions over time through volume production. The initial phase is also supported by the Demtec programme with a €1.25m grant from the Agência de Inovação (www.adi.pt).

A number of Portuguese organisations are currently involved in the project. These include the AICEP-Portugal Global (www.investinportugal.pt), Instituto Hidrográfico (www.hidrografico.pt), Wave Energy Centre (www.wave-energy-centre.org), INESC Porto (www.inescporto.pt) and INETI (www.ineti.pt).