Douglas Westwood energy business analysts www.dw-1.com

News Release

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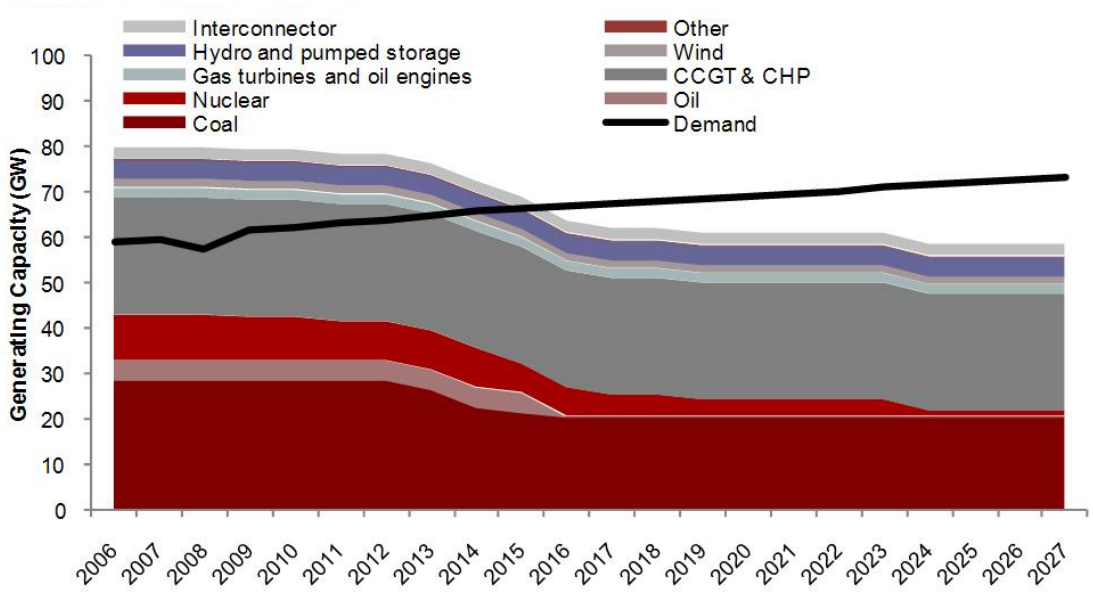
UK Peak Energy Demand Could Outstrip Supply Capabilities by 2017, According to New Douglas-Westwood Research



Power Generation Supply-Demand Forecast for Existing Capacity 2006-2027
Source: *'The UK Power Generation Expenditure Forecast 2010 – 2030'*, Douglas-Westwood

The UK's peak electricity demand could exceed available capacity by as early as 2017, due to the planned closure of nuclear and coal power stations – and a potential short-term gap in replacement power generation solutions. And very large sums will have to be spent to ensure Britain's lights stay on. These are key findings from '*The UK Power Generation Expenditure Forecast 2010-2030,'* which was launched today by energy business analysts, Douglas-Westwood.

With in-depth forecasts through to 2030, the report offers the only currently available long-term detailed view of UK power generation expenditure. It predicts the number of new power generation facilities that will be brought online up until 2030 – covering coal, gas, nuclear, offshore and onshore wind, wave & tidal, hydro, biomass, and solar photovoltaics sectors. It also includes forecasts for the required capital expenditure (capex) to bring this capacity online. In each case, three scenarios are presented based on a range of assumptions – base case, high case, and low case. The resultant capex for each sector is further segmented into major items of plant ranging from turbines to instrumentation & control systems.

'*The UK Power Generation Expenditure Forecast 2010-2030,'* suggests that gas power stations running on imported fuel offer the only realistic short-term method of bridging this impending power capacity gap – until a new generation of wind farms, nuclear plants & clean coal power stations are brought online. This outlook raises serious questions about the UK's national energy security and successive government energy policies, which have failed to encourage private sector investment in alternative energy production processes.

The independent report also provides detailed sector-by-sector energy industry analysis – all of which points to the fact that increasing amounts of required energy capacity across the UK will place considerable pressure on both the government and the entire energy supply chain. A balance will, therefore, need to be struck between energy security, climate change mitigation targets and public acceptance of alternatives to traditional power generation methods. The report provides essential information for decision-makers within the UK power generation sector and as well as those working in contracting and supply industries, government departments and financial institutions.

"The rising amounts of required energy capacity will place considerable pressure on the UK economy, the entire energy supply chain and it is the consumer who will ultimately have to pay the price of indecision" explains Douglas-Westwood chairman John Westwood. "Considering successive governments have had 30 years notice of the present serious decline of UK oil & gas supplies and full knowledge of generation plant lifetimes there is no excuse for allowing the development of the pending problem. A balance will need to be struck quickly between energy security, the intermittent nature of renewable energy generation, climate change mitigation targets and potentially volatile public opinion."

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Information for editors

'The UK Power Generation Expenditure Forecast 2010 – 2030,' is the latest in the acclaimed series of Douglas-Westwood energy business studies. The firm carries out commercial due diligence work for the financial community and business research, market analysis and strategy work for the international energy industry. Douglas-Westwood has clients in over 60 countries and to date over 600 projects have been completed. Clients range from the energy majors and contractors to equipment manufacturers and financial institutions to presidential offices and departments of governments.

Interviews with Douglas-Westwood analysts are available on request. Additional material, including charts and tables is available from:

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