



For Immediate Release

LAUNCH OF NEW ELECTRICITY MARKET REFORM COMPANIES

The two new companies that will establish and implement key elements of the government's Electricity Market Reform (EMR) programme have been officially launched today. The Low Carbon Contracts Company and Electricity Settlements Company will be instrumental in attracting the £100 billion investment needed this decade to replace the ageing energy infrastructure with a more diverse and low-carbon energy mix.

Neil McDermott has been appointed as CEO of the Low Carbon Contracts Company and the Electricity Settlements Company. He is joined by Helen Turner as CFO. Both have been appointed Board Directors of the two companies, which become fully operational today as a result of regulations that have entered into force.

The biggest change to the electricity market since privatisation, EMR is designed to attract the £100 billion investment needed this decade to replace the ageing energy infrastructure with a more diverse and low-carbon energy mix. These latest appointments mark a final step in establishing the two government-owned companies that will be key to delivering this transformation.

The Low Carbon Contracts Company will manage long-term Contracts for Difference (CFDs) with electricity generators to incentivise investment in low-carbon generation. The company will also oversee the collection and payment of monies under the CFD supplier obligation. The Electricity Settlements Company will make capacity payments and retain overall responsibility for Capacity Market settlement, supporting the scheme's aim of delivering investment in the overall level of reliable capacity in order to ensure secure electricity supplies.

It is anticipated that the first CFDs for renewables will be allocated by the end of the year, following on from the early investment contracts that were awarded in April. The first Capacity Market auction will take place by the end of 2014 to deliver the necessary capacity by the winter of 2018/19. Today, in addition to the CFD scheme preparations, the Low Carbon Contracts Company takes over management from DECC of the five offshore wind projects awarded investments contracts. These received State Aid approval from the European Commission last week.

With over 20 years' experience in the Energy Sector, Neil McDermott has a commercial background working in generation and trading roles most recently with EDF Energy. His experience includes new asset development, joint ventures, operations and commercial management across coal, gas and renewables generation.

Chairman Dr Martin Read said, "I am pleased to welcome Neil to this pivotal role. This is a crucial point in the development of both companies and I am confident that his strong commercial experience, excellent leadership skills and impressive track record in the sector

will ensure that these companies can deliver what is required of them to make EMR a success.”

Neil McDermott commented, “I am pleased to take on this important position and look forward to leading these two companies which are vital to the successful implementation of EMR. The challenge of EMR is tremendous both in terms of scale and ambition and I am confident of our ability to build a strong and effective delivery team. Together we will deliver the essential reforms required to facilitate the move towards a secure, diverse low carbon electricity supply in the UK”.

CFO Helen Turner also brings a wealth of experience to the companies. Previously Transmission Financial Controller at National Grid, she has a strong background in financial assurance and controls as well as leading on financial performance and risk management for the Transmission Owner and System Operator regulated entities.

Helen Turner added, “The success of EMR is hugely dependant on our ability to strike the right financial balance between providing sustainable investment in low carbon generation and ensuring the best deal for electricity consumers. Having worked extensively in finance within the Energy Sector, I look forward to undertaking this key role within the two companies, both of which will be pivotal in transforming the UK electricity market.”

Ends.

Media Contacts:

1. For more information please contact Rita Congera on 07552 799979.