UTILITYWEEK

17th October 2008

NEWS

Zero-priced gas

The price of wholesale gas for within-day delivery fell to zero last weekend, according to Icis Heren, because of a fall in demand and lack of storage space. Prices recovered on Monday but remained below average for October.

Heat leader

Npower's cogeneration business has celebrated 15 years developing combined heat and power plants for UK businesses. The company now has the country's largest portfolio of CHP projects, which supply 1,500MW of heat to UK industry.

Portland results

Portland Gas, the independent gas storage company with a major storage scheme in Dorset approved and plans for a scheme in Northern Ireland in the pipeline, has reported preliminary losses of nearly £1.6 million for the 12 months to the end of July 2008. The company spent £7.3 million on development work on storage projects over that period.

Biomass site chosen

Helius Energy has leased a site in Avonmouth Dock, near Bristol, to house a biomass-fired power plant. The project will generate 100MW of power.

Sewer flood action

United Utilities has signed a legally binding agreement with Ofwat to reduce sewer flooding risk in the Warrington area. The company is currently the subject of three early day motions put forward by MPs in the House of Commons criticising the company's charges on private sewers, Post Office payment and surface water drainage.

Scots drinking plans

Scottish Water has appointed Mott MacDonald, MWH and Halcrow to produce Drinking Water Safety Plans for Scotland.

Severn Trent HQ

Work began this week on **Severn Trent's** new headquarters in Coventry. The building will house 1,700 staff and cost £60 million.

Good call, United

United Utilities has ranked first among utility and telecoms customers in a study of call centre customer service by *Call Centre Focus* magazine.

ELECTRICITY

Viridian sale 'on track' despite credit crunch

by Roger Milne and Janet Wood

MIDDLE EAST investment company Arcapita has insisted that its proposed sale of parts of Northern Ireland energy group Viridian remains on track despite current volatility in financial markets because of the credit crunch.

Bahrain-based Arcapita, which used to be called the First Islamic Investment Bank, bought Viridian at the end of 2006 for £1.6 billion.

As well as electricity supplier and distributor Northern Ireland Electricity, the group includes Energia, a power supply business targeting business customers in the Republic of Ireland. Viridian also owns the 744MW Huntstown power station in northern Dublin.

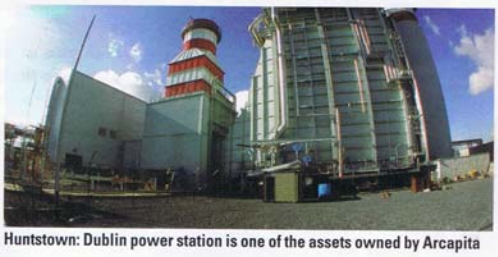
A spokesman for Arcapita said the bank expected to raise £1.5-2 billion from the sale. The spokesman said there were "multiple bidders" and insisted that the divestment process should be completed by the end of the year, despite the credit crunch.

Utility shares have traditionally been seen as a "safe haven" in times of trouble, but they have been hit by stock market volatility over the past week. The biggest falls saw European energy shares drop by as much as 30 per cent.

UK stocks saw smaller falls on Friday, which Peter Atherton, an analyst at Citigroup, said was part of a "broad sell-off of equities". Most of the value was regained in the early part of this week.

Industry watchers have named Bord Gais, Spain's Endesa and Scottish and Southern Energy as among the potential bidders for Arcapita's assets.

Endesa has already acquired a portfolio of six generating companies in the Irish Republic from ESB.



Huntstown: Dublin power station is one of the assets owned by Arcapita

Photo: Geoffrey Swaine/Rex Features

Digging deep: plans for a permitting scheme for utility streetworks in London have been delayed, after the Department for Transport asked Transport for London and the city's boroughs to rework it. Tony Cox, director of public affairs at the National Joint Utilities Group (NJUG) said his group was concerned over the limited consultation carried out on the scheme. He said NJUG would like to know more about how the scheme would achieve its aim of reducing congestion, and how that would be measured. He was also concerned about the potential cost of the scheme.

ENERGY

Scots must rethink fuel poverty help

SCOTLAND'S PROGRAMME for assisting people in fuel poverty should be redesigned, according to a group of organisations dealing with vulnerable customers and the fuel poor.

The Scottish Fuel Poverty Forum said in its report *Towards 2016 – The Future of Fuel Poverty in Scotland* that existing fuel poverty programmes should be replaced with an Energy Assistance Package, available to anyone, that would include advice on energy tariffs and information on the welfare benefits and tax credits available.

This would be followed by a home energy audit and advice on energy-efficiency measures, which would enable grants for those measures to be better targeted at the fuel poor.

The group said it was concerned that measures under the government's Carbon Emissions Reduction Target (Cert) scheme were being targeted at the most cost-efficient groups instead of the fuel poor. It said Ofgem should measure the impact of Cert on the fuel-poor and it proposed a standard package of Cert improvements for each fuel-poor household.

However, the group warned that more investment was required to achieve the Scottish Government's commitment to eradicate fuel poverty by 2016.

For the latest news visit: www.utilityweek.co.uk