

Sainsbury's bolsters renewable industry through pioneering energy deal

Submitted by: Octopus Communications

Friday, 5 December 2008

Utilyx (<http://www.ulyx.com>) negotiates one of UK's first 10-Year Power Purchase Agreements

LONDON, 05 December 2008 - Sainsbury's has signed a landmark deal that has enabled the creation of a new £8 million wind project at Lochhead in Scotland, due to be completed in Summer 2009. The Power Purchase Agreement (PPA) means that Sainsbury's will purchase energy direct from A7 Lochhead Ltd. for the next ten years.

The deal, negotiated by energy risk management specialists, Utilyx, means that wind-generated power from the plant will displace approximately 65,000 tonnes of carbon from fossil power stations and provide at least 1% of Sainsbury's energy demand each year, the equivalent of powering four stores.

This is the first time in the UK that an organisation as large as Sainsbury's had made a deal directly with a generator (A7 Lochhead Ltd) rather than with an energy company. As such, it represents a significant step in the development of the renewable energy market, providing a new model through which projects such as the one at Lochhead can secure funding.

Neil Sachdev, commercial director at Sainsbury's comments: "Customers expect us to do everything we can to minimise our impact on the environment, and this new deal is the next stage in our plan to become even more environmentally-responsible as a business.

"Lochhead was able to find the funding to build this wind farm because we agreed to buy the entire output in advance meaning we are responsible for a new source of renewable energy to help cut the UK's dependence on fossil fuels. Sainsbury's was recently voted the greenest supermarket, and we're committed to being an environmental leader by finding new ways of working."

Chris Bowden, CEO of Utilyx comments, "The deal between Sainsbury's and A7 is significant for two reasons. Firstly because it marks an important milestone in the renewable energy market and is a refreshing development amidst the current 'greenwash' and secondly, because it sets a precedent for how large energy consumers can establish a direct relationship with a generator. In addition to reducing Sainsbury's impact on the environment, the deal will also reduce the business's exposure to price uncertainty in today's volatile markets."

Alex Hensher, founder of A7 comments: "Power Purchase Agreements are an innovative way that independent generators can get renewable energy projects off the ground, whether they are biomass, waste-to-energy or in this case, wind turbines. With a shortage of generation capacity looming in the UK, the ability to reduce exposure to price risk by contracting directly with developers is becoming an increasingly attractive option for large energy consumers like Sainsbury's."

Sachdev added: "We believe this deal represents a great example of how being green can make good business sense and we are currently looking for other power generators with whom we could make a similar arrangement."

Last month the retail giant announced that it is now sending all of its food waste to anaerobic digestion facilities where it will be used to create renewable electricity, which Sainsbury's would also like to purchase using a Power Purchase Agreement.

Despite Sainsbury's investments in renewable energy projects such as these, the company is still looking for ways in which to reduce the amount of energy it consumes, aiming to cut its carbon emissions by 25 percent by 2012. Sainsbury's in Dartmouth, for example, uses on-site wind turbines and a biomass boiler, which has resulted in a 50 per cent cut in its national grid dependence.

Notes to editors:

About Utilyx

Utilyx is a leading European energy and climate change advisory and transaction management firm. It provides a wide range of services to a large and diversified client base that includes corporations, government bodies, developers and investors. Energy and climate change are now firmly at the top of the corporate agenda and companies require expert advice and practical cost effective solutions. Utilyx helps organisations manage the risks and take advantage of the opportunities presented by the changing dynamics in today's energy and carbon markets.

Regulated by the Financial Services Authority (FSA), Utilyx provides both advice and transaction execution services in physical and financial instruments, and investments in energy and carbon assets and liabilities.

For more information visit www.ulyx.com

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