PRESS RELEASE

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KILROOT POWER STATION FACES CLOSURE FOLLOWING ALL-ISLAND AUCTION RESULTS

Carrickfergus, Northern Ireland, 25 January 2018 –

AES UK & Ireland, a division of The AES Corporation (NYSE: AES), received notification from the System Operator for Northern Ireland (SONI) of its final results in the first Capacity Remuneration Mechanism (CRM) Auction in the new cross-border Integrated Single Electricity Market (ISEM). The auction results for Kilroot and Ballylumford Power Stations send a strong exit signal for 36% of dispatchable generation capacity in Northern Ireland to close in 2018.

Under the CRM Auction, new capacity contracts until September 2019 were awarded to AES UK & Ireland’s peaking units (258 megawatts (MW)) at the Ballylumford and Kilroot Power Stations, as well as one unit of the Ballylumford B Station (145 MW).

However, the second Ballylumford B Station unit (145 MW) and both of Kilroot’s generation units (513 MW) were not awarded new capacity contracts, sending a strong signal to AES to exit the market. Without new contracts, these three units cannot cover their fixed costs and the two generation units at Kilroot are expected to close when the ISEM market commences on 23 May 2018, with the Ballylumford generation unit expected to close on 31 December 2018.

AES UK & Ireland President Ian Luney expressed his disappointment at the results: “In addition to capacity, Kilroot Power Station has been providing reliable and critical energy and system services for Northern Ireland. Over the last three years Kilroot has been integral to the security of supply in Northern Ireland. The Kilroot units that are set to close met 22% of local electricity demand, so we are surprised by SONI’s decision which indicates that the generation capacity would not be needed for security of supply this coming winter.”

“As a result of the units not being retained in the auction, difficult decisions will need to be taken that impact the 270 AES employees and 120 full-time contractors that support our operations. We’re working to address the uncertainty this decision has brought to their employment as we begin a full statutory consultation process. In parallel, we are working to minimise the substantial impact for our suppliers, offtakers and other key stakeholders.”
“With the likely absence of any significant and reliable new generation in the next four years and a North-South interconnector that isn’t expected to come online until 2021, we are concerned that the removal of capacity at Kilroot and Ballylumford could contribute to a significant risk to the security and stability of supply in Northern Ireland. We remain open to further engagement to continue to contribute to secure energy certainty for Northern Ireland in the near- to medium-term.”

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Notes –

1. The loss of 36% of dispatchable generation capacity is based on figures in EirGrid Group All-Island Generation Capacity Statement 2017-2026 p.66. Installed dispatchable generation reduces from 2,692 MW to 2,052 MW.
2. Northern Ireland 2018/19 dispatchable generation comprises 471 MW or 23% of higher priced peaking units.
3. Both Ballylumford B Station units are contracted under the competitively tendered SONI Local Reserve Services Agreement until 31 December 2018. Kilroot coal generation units have no capacity contracts beyond 23 May 2018.
4. Forecast Winter Peak demand is 1,795 MW as per Section 2.3(e) of the EirGrid Group All-Island Generation Capacity Statement for 2017-2026
5. EirGrid / SONI Operational Constraints Update 27/10/2017 p.9 “There must be at least one Kilroot unit on load when the NI system demand exceeds 1400 MW and 2 units are required above 1550 MW. This operational constraint is required to ensure voltage stability in the Belfast area and to prevent the requirement for an inter area flow reduction in a post fault scenario.” As of 5 January 2018 this has been removed in the EirGrid / SONI Operational Constraints Update 19/01/2018.
6. AES operates Ballylumford C Station and has a Power Purchase Agreement with Power NI PPB, part of the Viridian Group. The C Station units were not bid into the T-1 Capacity Auction by AES but by Power NI PPB
7. Eligible units in the capacity auction included Demand Side Response units, the Moyle and EWIC interconnectors, and various forms of generation including conventional thermal, energy storage and wind.

About AES UK & Ireland

AES UK & Ireland is the owner and operator of Ballylumford and Kilroot Power Stations in Northern Ireland, and the UK and Ireland’s largest battery energy storage facility, the Kilroot Advancion® Energy Storage Array. These plants provide reliable and flexible generation from Ballylumford’s total of 1,017 MW of gas-fired capacity in Islandmagee and Kilroot’s 702 MW of coal and distillate capacity in Carrickfergus. AES has operated in Northern Ireland since 1992. In 2017, AES generated 11% of energy across the All-Island electricity system, representing 61% of dispatchable generation capacity in Northern Ireland. In Northern Ireland AES employs 271 people and 120 direct contractors.

To learn more, please visit www.aesukireland.com or @aes_ukireland on Twitter.