



23 September 2011

SCOTTISH AND SOUTHERN ENERGY PLC DISPOSAL OF STAKE IN NUGENERATION LTD

SSE (Scottish and Southern Energy plc) has notified GDF Suez and Iberdrola that it intends to end its involvement in NuGeneration Ltd (NuGen), the joint venture company established by the three companies to develop proposals for a new nuclear power station, and that it intends to sell them its 25% stake in the company.

SSE has concluded that, for the time being, its resources are better deployed on business activities and technologies where it has the greatest knowledge and experience.

NuGen has an option to purchase land for the development of a new nuclear power station, of up to 3.6GW (gigawatts), near Sellafield in West Cumbria. The option was secured in October 2009 for an initial cash consideration of £19.5m and the site was named as a suitable place to build a new nuclear power station in the National Policy Statement for Nuclear Power Generation published in June 2011.

In its six-month financial statement in November 2010, SSE said that: 'the cost, development issues, timetable and operational efficacy of nuclear power stations all require the greatest possible scrutiny before a commitment to invest [in new nuclear power stations] can be made'. This point was repeated in its full-year financial statement in May 2011. It is against the background of these considerations that SSE has decided to end its involvement in the NuGeneration Ltd joint venture.

Alistair Phillips-Davies, Generation and Supply Director of SSE, said:

"The UK will need both nuclear and renewable energy in the future, but we have made it clear from the start of our involvement in NuGen that for SSE our core investment in generation should be in renewable energy. At the same time, it made



sense to be part of NuGen to help establish whether some participation in new nuclear power stations would be the right thing for SSE, given we have no experience of ownership or operations in the nuclear sector.

“We have always adopted a cautious approach to the financial and other issues associated with nuclear power development. NuGen will have to make a multi-billion pound investment decision around 2015, but even getting to the point of that decision will absorb, from now on, significant financial and management resources from everyone in the joint venture. We have concluded that, for the time being, our resources are better deployed on business activities and technologies where we have the greatest knowledge and experience.

“We wish NuGen well, and continue to believe that nuclear power is a tried and tested way of generating electricity that is consistent with energy security and decarbonisation objectives, and it is clear there is significant public policy and planning impetus behind new nuclear development. We may become involved again at a future date, either as an investor or as a purchaser of electricity, but for the moment our investment plans are focused on renewable energy, gas-fired generation, including carbon capture and storage options, and alternative energy developments.”

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