

CO₂-neutral energy for Herning and Ikast

Herning CHP Plant is being converted for co-firing with wood pellets from autumn 2009. Wood chips currently account for 70-75% of the fuel consumption, with the remainder being made up of natural gas. On completion of the conversion, biomass in the form of wood chips and wood pellets will account for up to 97% of the fuel consumption. The total investment amounts to DKK 114 mio.

DONG Energy is converting the plant in collaboration with its heating customers EnergiGruppen Jylland Varme and Ikast Værkerne Varme. The conversion will mean that the vast majority, around 97%, of the heating supply to the Herning and Ikast areas, as well as Herning CHP Plant's power generation, will use a CO₂-neutral energy source. At the same time a new ten-year heating agreement, effective from 1 January 2009, has been entered into.

The two heating customers comment as follows on the agreement:

"We consider the agreement a significant contribution to an ever-increasing environmentally friendly generation of power and district heating in the region, while at the same time the consumers are secured district heating at competitive prices for many years to come", says Finn Stengel Petersen, Chairman of EnergiGruppen Jylland Varme.

"We are delighted that the decision made by a number of farsighted politicians and supervisory board members in the Herning and Ikast areas at the end of the 70s on collaboration concerning the establishment of a CHP plant, is still proving an environmentally and financially sound decision for the district heating consumers in the area", says Hans Peder Nielsen, Chairman of Ikast Værkerne Varme.

The owner of Herning CHP Plant, DONG Energy, is also happy with the conversion and the new heating agreement: "We are pleased that we, once the conversion is in place, will be able to provide a large degree of CO₂-neutral energy to households in the Herning and Ikast areas, and that the terms for the next ten years' heating supply have now been fixed", says Jens Erik Pedersen, Senior Vice President in DONG Energy, Production Denmark.

Herning CHP Plant, which is owned by DONG Energy, has been through several modifications since its construction in 1982. It was originally a coal-fired plant, but was converted to natural gas firing in 2000. It was converted again in 2002 this time to predominantly fire with wood chips. The plant now has a capacity of 95 MW of power and 174 MJ/s of district heating and is able to co-fire natural gas, oil and wood chips.

The information provided in this release will not influence DONG Energy's expectations for the financial result for 2008.

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Facts about Ikast EI- og Varmeværk

Ikast EI- og Varmeværk has been a safe and competent supplier of power since 1913 and, from 1948, also heating to households and companies in Ikast and the surrounding area. The company is a limited liability cooperative (A.m.b.A.), which means that the company and its subsidiaries, including Ikast Værkerne Varme, are owned by the consumers on a cooperative basis. The company's supply area covers around 8,200 power customers and around 6,300 heating customers, and the employees strive to secure them all a high standard of security of supply at attractive prices.

Facts about EnergiGruppen Jylland Varme

Energigruppen Jylland Varme has been a supplier of heating to households and companies in the Herning area since 1950. The company has been a public limited company since 2000 and is today jointly owned by EnergiMidt and the Municipality of Herning. The company currently has around 16,000 customers. The company strives to consistently offer good service, provide a high standard of security of supply and supply district heating at a highly competitive price.