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**WELSH POWER SELLS 850MW SEVERN POWER PROJECT TO DONG Energy**

Welsh Power has disposed of its Severn Power gas-fired power station development asset, and its Carron Engineering & Construction (CEC) engineering business, in a transaction concluded on 06<sup>th</sup> March 2009 with Danish energy company, DONG Energy.

The Severn Power station, which is located in South Wales, is currently under construction and is expected to be commissioned at the end of 2010. It will have a capacity of 850 MW and at commissioning is expected to be one of the most efficient gas-fired power stations in the United Kingdom. The overall budget for construction of the power station is nearly £600 million (including DONG Energy's purchase price).

Carron Engineering & Construction (CEC), situated in North Yorkshire in England, provides consultancy services relating to the construction, operation and maintenance of power plants.

Alex Lambie, Chief Executive of Welsh Power said the sale was a significant step toward a realignment of the business direction and wanted to express particular thanks to Welsh Power's financial advisers, Lexicon Partners.

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## Notes to editors

1. Welsh Power is a private company that owns and develops generation assets. It owns and operates the 360MW coal-fired Uskmouth Power station near Newport in South Wales (adjacent to the Severn Power development), as well as the 50MW Leven Power. It is developing an 850MW gas-fired project, Wyre Power, in Lancashire, and has planning permission for Nevis Power, a 50MW biomass plant planned for in Newport docks.

Carron Energy Limited manages the commercial activities of the Welsh Power Group. It undertakes all business development and merger and acquisition activity.

2. DONG Energy already operates two windfarms in England, is constructing a third and has a significant pipeline of UK offshore wind projects. In addition, DONG Energy has considerable UK oil and gas exploration activities, including a number of licenses in the West of Shetland area. Furthermore, a large part of DONG Energy's share of the gas produced from the Norwegian Ormen Lange gas field is sold in the United Kingdom.