



STATEMENT OF RENEWABLE ENERGY PLANS AND NOTIFICATION OF CLOSE PERIOD

26th March 2008

Scottish and Southern Energy plc ("SSE") has completed a review of its plans and investment opportunities in renewable energy following its acquisition of Airtricity Holdings Limited ("Airtricity") on 15 February 2008.

Tackling climate change and securing future supplies are the twin goals of energy policy in the UK, Ireland and throughout the European Union ("EU"). In line with that, the EU has adopted a legally-binding target of 20% for the proportion of all energy to be derived from renewable sources by 2020. This will clearly lead to a dramatic increase in the amount of renewable energy that will be required in the future. For the UK, that increase will be from 1.3% to 15%; for Ireland, it will be from 3.1% to 16%.

Against this background, SSE will continue to focus on enhancing and creating value for shareholders from its energy and infrastructure related businesses in the UK and Ireland and from the development of an international business focusing on renewable energy.

Key Points

- 2,000MW of renewable energy capacity milestone passed in March 2008
- New renewable energy target of 4,000MW for 2013 in UK and Ireland
- Over £2.5 billion capital investment in renewable energy in UK and Ireland
- Around £500m equity investment in renewable energy in new markets and technologies
- Total investment programme over £6.5 billion in five years to 2013

2,000MW renewable energy capacity milestone passed in March 2008

SSE now owns and operates just over 2,000MW of capacity for generating electricity from renewable sources, comprising hydro electric schemes (including pumped storage),



wind farms and the UK's largest dedicated biomass energy facility at Slough. The 2,000MW milestone was passed following the recent commissioning work undertaken at a number of SSE's wind farms in the past few weeks. Of this capacity, almost 1,800MW is in the UK, with the remainder being in the Republic of Ireland.

In addition, SSE has, in the UK and Ireland, just over 400MW of onshore wind and hydro capacity with full consent and/or under construction and 545MW of offshore wind capacity with full consent.

Looking ahead, SSE also has almost 1,000MW wind farm capacity in the UK and Ireland which is at an advanced stage in the planning process.

New renewable energy target for 2013

When it entered into the agreement to acquire Airtricity, SSE said it expected to have over 3,500MW of operating renewable capacity in the UK and Ireland in 2013. Following a comprehensive review of its renewable energy projects, SSE now expects this to be around 4,000MW. On this basis, it will double in five years its renewable energy capacity.

While the achievement of this new target is subject to projects securing all of the necessary approvals in a timely manner, adequate electricity network capacity and the maintenance of a stable public policy framework which encourages investment in renewable energy, SSE expects its portfolio in 2013 will comprise: almost 1,500MW of hydro electric schemes; around 2,000MW of onshore wind farms; over 250MW of offshore wind farms; and around 250MW of waste-to-energy and biomass developments.

In addition, SSE is now pursuing onshore and offshore wind farm developments in Europe and onshore developments in China which could add well over 500MW to its renewable energy portfolio by 2013.

Over £2.5 billion capital investment in renewable energy in the UK and Ireland

The delivery of over 2,000MW of renewable capacity in the UK and Ireland by 2013 is likely to require capital investment of over £2.5 billion in onshore wind, offshore wind and hydro electric schemes over the next five financial years, with investment currently expected to peak in 2010-11.

This includes the fully-consented 504MW offshore wind farm development at Greater Gabbard off East Anglia, in which SSE currently has a 50% stake, and for which turbines have been reserved. SSE expects this development to proceed shortly and work on the first phase to get under way later this year.

The investment profile for the next five years is subject to a number of factors, including constraints on the supply of wind turbines and the impact of those constraints on their procurement. Nevertheless, the overall supply position is expected to improve over the next few years, and SSE's enhanced position as a wind farm developer following the acquisition of Airtricity should enable it to secure good value from suppliers.

Around £500m equity investment in renewable energy in new markets and technologies

In addition to its investments in the UK and Ireland, SSE is also expecting to invest around £500m in renewable energy in new markets and technologies over the next five years: onshore and offshore wind farms in Europe (principally Portugal, Sweden, the Netherlands, Italy and Germany); onshore wind farms in China; waste-to-energy; and marine energy in the UK and Ireland. This investment will largely be on an equity basis, with non-recourse debt expected to account for up to 75% of the total cost of the investment.

In addition to its investment in technologies which have the scale to make a substantial contribution to meeting energy needs in the near future, SSE also has a range of investments in emerging technologies.

This includes a 13.3% stake in Solarcentury, the UK's leading independent solar photovoltaics company, and is the company's preferred installer. SSE also has a 50% stake in Aquamarine, the marine energy company which is developing wave power and tidal power devices for comprehensive testing at the European Marine Energy Centre in Orkney.

Including Aquamarine, SSE has during 2007/08 committed to investing over £30m in a variety of emerging technologies designed to deliver secure, reliable and cost-effective low carbon energy systems. The most recent technology investment made by SSE is in the development of clean and reliable fuel cell-based combined heat and power systems for the light industrial, commercial and residential markets in the UK and Ireland via a joint venture with Intelligent Energy.

Wider programme of investment

SSE's investment in renewable energy will be part of a wider programme of investment throughout SSE's electricity generation and networks businesses and its gas storage business which is currently projected to total over £6.5 billion over the five years to 2013.

This includes the 840MW combined cycle gas turbine power station at Marchwood, near Southampton, in which SSE has a 50% stake, and which is on course to be completed and in commercial operation in time for the winter of 2009/10.

Close Period

SSE is hosting a visit for analysts today at its Slough Heat and Power plant, focusing on renewable energy. It will enter its close period on Tuesday 1 April, prior to the publication on 29 May 2008 of its preliminary results for the year to 31 March 2008. It expects to report results which are in line with the consensus of brokers' forecasts.

Ian Marchant, Chief Executive of SSE, said:

"The decision earlier this month by the EU Council to adopt within the next year binding national targets for increasing the amount of green energy is just the latest illustration of the long-term value in generating electricity from renewable sources.

"The acquisition of Airtricity has given SSE a stronger platform from which to deliver renewable energy in the UK, Ireland and Europe - and in China as well. The range of investment opportunities in renewables which we now have will contribute significantly to the growth of SSE over the next decade.

"Our aim to grow our renewable energy capacity so significantly by 2013 is realistic and achievable, but is inevitably subject to the maintenance of a policy and planning framework that recognises the scale of the climate change and energy security challenges which we will face in the coming years.

"The logic for renewable energy is compelling and we have the commitment and financial strength to realise the opportunities that will flow from it – opportunities that were materially enhanced by the acquisition of Airtricity. SSE is on course to become an internationally significant player in the renewables sector, and this will support the achievement of our first responsibility to shareholders: building on our track record to continue delivering sustained real growth in the dividend throughout the next decade."