

RNS Number : 27670  
Paternoster Resources PLC  
03 November 2016

3 November 2016

**Paternoster Resources plc**  
**("Paternoster" or the "Company")**

**Plutus PowerGen plc Successfully Commissions First 20MW Flexible Energy Site in the UK**

Paternoster is pleased to note the announcement this morning by Plutus PowerGen plc ("PPG"), an investee company of Paternoster, which is set out below.

Nicholas Lee, Chairman, said:

"This is a very significant step in the further development of Plutus PowerGen This is one of our larger investments and, based on the company's current share price, we are currently making almost a 6.5 times multiple return on our original investment"

For more information, please contact:

Paternoster Resources plc:

Nicholas Lee, Chairman +44 20 7580 7576

Nominated Advisor and Joint Broker:

Stockdale Securities

Antonio Bossi/David Coaten +44 20 7601 6100

Joint Broker:

Peterhouse Corporate Finance

Lucy Williams +44 20 7562 3351

Full text of Plutus PowerGen plc announcement:

Plutus PowerGen plc, the AIM listed power company focused on the development, construction and operation of flexible power projects in the UK, is delighted to announce that it has successfully brought its first power generation site in Plymouth into operation. Attune Energy is now operating at full output.

This represents a transformational milestone for the Company, acting as proof-of-concept in respect to PPG's strategy to become a predominant player in the flexible energy generation market, and providing the Company with immediate exposure to its revenue streams, which are:

- Short Term Operating Reserve (STOR)
- Firm Frequency Response (FFR)
- TRIAD
- Merchant Power sales

The Plymouth site also holds a capacity mechanism contract for 15 years starting in 2019 and is pre-qualified for next year's 2017 capacity mechanism contract. Plymouth is one of nine sites held in partnership with Rockpool Investments LLP ('Rockpool'), which has provided EIS funding for their development. Rockpool also currently pays management fees totalling £1.35 million per annum to PPG in return for overseeing the construction of the assets and for managing them on an ongoing basis.

Charles Tatnall, Executive Chairman of PPG said, "This is a landmark event for PPG. Now that our first flexible energy facility is operational, we look forward to increasing our sales substantially as we tap into the multiple revenue streams available to us over the coming months. These opportunities exist because National Grid and the Big Six are in need of a consistent source of power which blends with the intermittent supply currently being delivered by renewables. By providing power at times of peak demand, our projects will mitigate the risk of brown or blackouts and as demonstrated by recent announcements that we now have planning permission in place for seven projects, our portfolio is progressing well."

Please see below for further information on the revenue streams available to PPG:

<b>Mechanism</b>	<b>Overview</b>	<b>Counterparty</b>
<b>STOR</b>	The Short Term Operating Reserve is a mechanism used by National Grid to balance the UK's power supply at short notice. The STOR allows required electricity supply to be decreased (by incentivising major consumers to reduce demand) or increased, by calling on a pool of stand-by power generators. Under the terms of two-year contracts, National Grid pays STOR providers for making their capacity available, as well as for delivery of electricity.	<b>National Grid</b>
<b>Firm Frequency Response (FFR)</b>	FFR is a service procured by National Grid to manage system frequency, the system-wide signal that indicates whether energy supply exceeds demand or vice versa. FFR allows a provider to supply a service to reduce demand or increase	<b>National Grid</b>

	generation, when instructed by National Grid. FFR is procured via monthly tender. To take part, generators must be able to deliver a minimum of 10MW, and be capable of responding within 30 seconds and for sufficient duration. Similar to STOR, providers are paid for availability as well as for utilisation. PPG will compete in the static market, whereby energy change occurs at a pre-set frequency and remains at a set level (as opposed to the dynamic market, where energy changes in line with system frequency).	
<b>Triad</b>	Triad is the scheme under which the National Grid charges energy suppliers significant sums according to their use of the high voltage transmission network during Triad periods - the three half-hour periods of highest demand in a year, identified after the winter. The principal means for National Grid to cover its costs, Triad also serves to incentivise users to limit consumption during peak periods, thereby easing the need for investment in the transmission system. Through Power Purchase Agreements ("PPAs"), energy supply companies pay flexible generators of electricity to supply power to local distribution networks during anticipated peak periods (both for the power generated and for Triad avoidance), as their generation reduces demand on the transmission network. Generators must operate during each of the Triad periods to be eligible for payments.	<b>Energy Suppliers</b>
<b>Merchant Power Sales</b>	This is simply sales of generated power; when operating with an objective of Triad avoidance, power is sold under a PPA, typically to a large UK energy supplier. PPAs are typically of a 5+ year duration.	<b>Energy Suppliers</b>

**\*\*ENDS\*\***

This information is provided by RNS  
The company news service from the London Stock Exchange