

ARE NEWS UPDATE



ALDERNEY
RENEWABLE
ENERGY

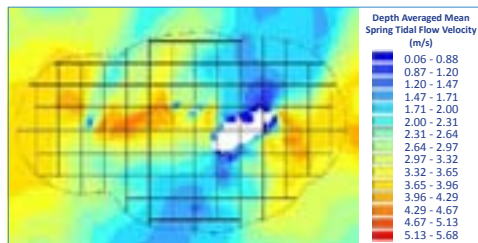
The team at Alderney Renewable Energy Limited (ARE) would like to keep the people of Alderney informed with regard to the company's progress and we feel the time is right for an update on the activities that we have been working on, since our licence was issued in November 2008.

This is one of our regular newsletters and will give you a brief outline of the many activities we are engaged in to help bring about our ultimate aim of tidal power to Alderney.

The Resource

In order for ARE to successfully develop tidal power it is paramount that we fully understand our resource – the sea and tides that flow within it. Significant work has been carried out in this area, including:

- Base line studies on birds and animals in the area we plan to develop have been continued. We have sponsored PhD students in conjunction with universities to assist us in this project.
- Environmental specialists are carrying out investigations into all aspects of our work which may affect the environment.
- Detailed tidal and sea bed surveys, within the three mile limit, together with prospective export cable routes have been carried out.



Development Partners

In 2009 we started a process to select suitable development partners with which to form strategic partnerships to take the project forward and this process is still ongoing. We have had discussions with many international utility and power generation companies, as well as banks, investment funds, and other large infrastructure companies. All of this requires extensive travelling and time off island.

Technology

Tidal turbines continue to be tested around the world and connected to the grid for periods of time. The industry is waiting for the first commercial tidal farm to be proven. This could happen in another area such as the Pentland Firth in Scotland or here in Alderney.

ARE constantly monitors all known tidal generators, and is in dialogue with their parent companies. Open Hydro, one of ARE's shareholders, has tidal power projects in Paimpol, Canada and the Pentland Firth.



Exporting our Power

When tidal power is developed in Alderney there will be far too much electricity for the island's needs and it will be necessary to export it to market. This is a complex and expensive part of our work. As you may already know ARE acquired 285MW capacity into the French Grid in November 2008 and it has since acquired capacity into the UK grid of 2000MW.

All of this requires meetings with grid operators (RTE, National Grid) and regulators such as OFGEM. The surveying of cable runs, negotiating of landing sites, and the commissioning of environmental studies, and applications for consents in two countries, gives you an idea of the amount of work involved in this area of our business.

ARE has also been carrying out studies for sites for the necessary electricity substations, which will enable the power produced from the tides to be sent for export. As part of this work we recently approached the States of Alderney to carry out suitability studies for alternatives to offshore platforms.



Finance

None of these activities happen without money. Since November 2008, ARE has spent over £5.5 million of its own money developing this project, which will eventually benefit the people of Alderney. This has included the following:

- Over £500,000 to the regulator, the Alderney Commission for Renewable Energy (ACRE), for the right to hold ARE's licence over 50% of Alderney's waters.
- Over £90,000 a month directly into the Alderney community which will continue, and grow.

Subsidies

Within the EU any producers of marine power are eligible for subsidies. None of these subsidies are available to anyone producing in Alderney's waters. ARE has had extensive discussions and correspondence at ministerial level with UK government departments (Ministry of Justice, Department of Energy and Climate Change).

We are encouraged by the response we have received and are confident that our position is well understood and that ARE is being included in the next round of consultation. We are engaged in discussions in France with members of the French Senate and the commercial attaché of the French Embassy in London with the backing of the Ministry of Justice.

ACRE and ARE Working Together

We have noticed that there still appears to be some confusion in the minds of some between ARE and its regulator (appointed by the States), ACRE. We work constantly with ACRE whose job is to ensure that what we do is legal, in line with our agreement, and in the best interests of Alderney (something which is extremely important to the directors of ARE).

ARE has its office down on the crusher site. If you would like to find out more about what we do and who we are please visit our website **www.are.gb.com**

Alderney has a unique opportunity to be at the forefront of an exciting new global industry. We are in competition with other jurisdictions that offer substantial subsidies, matched funding for development, and cheaper licences than ARE currently enjoy but we are confident that all the work we are undertaking will deliver this project to Alderney.

We look forward to receiving your continued support.

