

Friday 3rd August 2018

£200 million gas network investment to benefit customers

Mutual Energy has secured £200m of financing from Legal & General to support the expansion of the gas network in Northern Ireland. The funds raised will be used to cover construction costs of the Gas to the West project. This venture, which will also benefit from government grant assistance, will bring natural gas to the towns of Coalisland, Cookstown, Derrylin, Dungannon, Enniskillen, Magherafelt, Omagh and Strabane, reducing reliance on carbon intensive fossil fuel for the customers it serves.

Mutual Energy, with the agreement and support of SGN its Gas to the West partner, the Utility Regulator and the Department for the Economy decided to raise the required funding now ahead of construction completion taking advantage of current competitive lending rates. Due to the company's mutual structure this will result in valuable savings for natural gas customers.

Paddy Larkin, the CEO of Mutual Energy, has welcomed the news:

"This is a fantastic deal for customers and means that the cost of debt repayments will be around 35% less than anticipated when Mutual won the Gas to the West tender in 2014. This amounts to an additional saving of about £50m in present value terms over and above the customer savings already expected from the bidding process."

Mr Larkin added *"This is now our Group's fourth major debt deal bringing important investment into Northern Ireland. We are very pleased that an investor such as Legal & General has won the competitive process."*

Mutual Energy was also able to work with Phoenix Natural Gas to part fund some of the Gas to the East project, further expanding the benefits to these customers.

The Utility Regulator was closely involved in approving the deal and its Chief Executive, Jenny Pyper, added her welcome saying:

"This is great news for Northern Ireland's natural gas consumers as it represents a significant saving for them. It also sends a strong message about the level of confidence that investors have in Northern Ireland's regulated energy industry. We now look forward to work advancing on the Gas to the West project which will bring an affordable, cleaner and convenient form of energy to around 40,000 new customers in the west of Northern Ireland."

Tom Sumpster, Head of Infrastructure Finance LGIM Real Assets comments:

"We are delighted to be providing 100% of the debt financing to support Mutual Energy's subsidiary West Transmission in a deal which helps to further diversify our clients' investment portfolio, both in terms of asset class and geography, and evidences our ongoing commitment to financing assets that benefit local communities. Construction of these pipelines are already well underway. As owners and operators of existing pipelines, as well as electricity and gas interconnectors between Northern Ireland and Scotland, Mutual Energy are well placed to deliver this much needed gas network expansion to the west of Northern Ireland."

With construction work on this major energy infrastructure project now well underway, customers can soon look forward to access to lower cost, cleaner energy.

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For further information and latest updates on the Gas to the West project visit www.gastothewest.com

Contact:

Lynda Millar

Lagan Consulting

Tel: 028 9261 9550

Email: lynda.millar@laganconsulting.com