

Press Release

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ZENERGY POWER

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Zenergy Power plc ('Zenergy' or the 'Group')

Commercial Contract for Department of Homeland Security Project

Zenergy Power plc (AIM:ZEN.L), the specialist manufacturer and developer of commercial applications for high-temperature superconductive ('HTS') materials, is pleased to announce that it has been contracted, on fully commercial terms, to carry out a technology employment study of its patented HTS Fault Current Limiter ('FCL') for Consolidated Edison, Inc. ('Con Edison'), the United States' largest investor-owned energy company. The study will form the basis of the formal provision of technical analysis on how the Group's FCL would protect New York City from the damaging effects of power surges, once installed into Con Edison's power grid there. Con Edison will also use the study to evaluate the role that Zenergy's proprietary technology can play in the creation of 'Secure Super Grids' in the United States. The technical analysis is a commercial contract and forms part of the US\$39million U.S. Department of Homeland Security project named Hydra, which is aimed at developing power grids in the United States that can keep centres of commerce on line under all conditions – including grid events related to severe weather, accidents or terrorist attacks.

Further to this, the Group has also been notified that it is currently the sole supplier of standalone HTS FCL technologies for the work being carried out on behalf of the Department of Homeland Security in project Hydra. It is the Board's belief that the Group's selection for the project on this sole basis – coupled with continuing financial commitment by the U.S. government – demonstrates Zenergy's prominence within the growing global HTS industry and the significant level of commercial interest that exists for its technology and products.

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An HTS FCL is an industrial-scale surge protector designed to protect electrical grid equipment in national grid systems. Comparable to a computer network's 'firewall', the Group's patented HTS FCL is capable of absorbing huge amounts of unwanted and highly damaging electrical power generated by fault currents in national electricity grids without having to interrupt the steady supply of power to downstream grid users. In doing this, the Group's HTS FCL not only protects electrical grid equipment from damaging power surges, but also prevents the common knock-on effect associated with blackouts that occurs when one part of the grid fails resulting in an 'over-spill' of power to an adjacent grid.

Jay M. Cohen, Under Secretary for Science and Technology,
Department of Homeland Security, commented:

'The Department of Homeland Security is charged with protecting the infrastructure and systems that keep our nation and our economy running smoothly. The U.S. power grid is one of our most valuable assets, and we are taking the steps necessary - through the use of our most advanced technologies - to ensure its safety. As we saw with the August 2003 blackout and in incidents since, disruptions to the power grid have far-reaching effects and a tremendous economic impact.'

Further to this latest funded project from the U.S. Department of Homeland Security, the Group's ground-breaking HTS FCL also received significant interest and support from the U.S. Department of Energy last year, who provided the Group with an US\$11 million grant to further develop its grid stability devices. Prior to this, the Group was also awarded funding by the Californian Energy Commission and is currently on schedule to be the first company in the world to install an industrial scale HTS FCL into the U.S. national grid system. The global market for FCLs is expected to be worth up to US\$5bn per annum.

Kevin Kolevar, Director of the Office of Electricity Delivery and Energy Reliability,
U.S. Department of Energy, commented:

'The Department of Energy believes HTS technology is vitally important to the modernization of the nation's power grid. We are pleased to see the Secure Super Grid project in New York City building on the platform DOE helped to create over the past 20 years in partnership with U.S. industry. The Secure Super Grid project is the next logical step for short-length HTS applications as the Department continues to improve wire performance and materials challenges required for longer length projects and higher voltages. Together, these activities will help propel HTS technology toward commercialization.'

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The Board considers the commitment to advance the development of HTS technologies by the Department of Homeland Security as further evidence of the exceptional benefits and economic advantages inherent in their deployment. Furthermore, it considers the Group's selection by Con Edison, as the sole supplier of HTS FCL technical analysis for this project, as indicative of the Group's recognised and established reputation for excellence and expertise in the field of HTS technology and devices on a global basis.

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About Zenergy Power plc

Zenergy Power plc is a global specialist manufacturer and developer of commercial applications for superconductive materials. Comprising three operating subsidiaries located in Germany, USA and Australia. Zenergy is highly focussed on the commercialisation of a number of energy efficient applications to be adopted in renewable energy power generation, energy distribution and large scale, energy intensive industrial processes and achieved the world's first commercial sale of an industrial scale HTS device in September 2007.

About superconductivity

Superconductive materials are capable of conducting electricity without any resistance and were first discovered in 1911 in what was to prove to be one of the most significant scientific breakthroughs of the 20th century.

The global HTS market is substantial and growing, with a number of market studies projecting multi-billion dollar markets for the application of HTS materials and products. The proliferation of the use of superconductor materials is largely being driven by the following key factors:

- HTS materials are highly complementary to energy efficient technologies as a substitute for copper
- HTS wires have power densities of over 100x that of copper
- Current developments are leading to substantially reduced costs in the production of HTS wires and are targeting to be cheaper than copper over the next few years.
- HTS applications deliver exceptional energy efficiencies and thus reduced power consumption and running costs
- HTS technology is set to play a significant role in reducing CO2 emissions in line with international targets
- HTS applications are capable of delivering vastly increased levels of power with increased reliability and reduced material usage