

Friday, 20 November 2015

ERM POWER SIGNS OFFTAKE AGREEMENT WITH SUNSET POWER

ERM Power Limited (ASX: EPW) has entered into an offtake agreement with Sunset Power International Pty Ltd (Sunset Power) which provides for a range of financial instruments and capital release of up to \$60 million.

The agreement follows the New South Wales (NSW) Government announcement that Sunset Power has executed an agreement to acquire Vales Point Power Station in NSW.

ERM Power's offtake agreement with Sunset Power involves financial hedges linked to future-dated wholesale electricity market prices in 2016, and other related products. A key component of the transaction is up to \$60 million in capital release from 2017 to 2022 afforded by reallocation and the wholesale agreements. This provides significant additional funding flexibility for ERM Power utilising capital currently restricted for prudential and credit requirements.

The offtake agreement assists ERM Power's growth strategy through capital release and provides a strategic source of wholesale electricity liquidity, strengthening ERM Power's competitive position.

ERM Power is in the business of securing financial arrangements in support of its value proposition, growth and risk mitigation for its Small to Medium Enterprise and Commercial and Industrial customers.

ERM Power Managing Director and CEO Jon Stretch said: "The efficient capital management aspect of this transaction allows a significant capital release. This enables us to progress our strategic growth plan as outlined at the Annual General Meeting in October and provides us the opportunity to support our customer value proposition and invest in innovation. Additionally, the agreement provides ERM Power with guaranteed access to a variety of financial instruments to meet our customers' requirements."

The offtake agreement, conditional on completion of Sunset Power's acquisition of Vales Point Power Station, was negotiated on an arm's length basis. Sunset Power is a related party of ERM Power due to the interest held in it by Trevor St Baker, founder and deputy chairman of ERM Power.

An analyst's conference call will be held today (November 20) at 11am (Sydney/Melbourne time).

About ERM Power

ERM Power is an Australian energy company operating electricity sales and generation businesses. Trading as ERM Business Energy and founded in 1980, ERM Power has grown to become the second largest electricity retailer to commercial and industrials in Australia with operations in every State and the Australian Capital Territory. ERM Power also sells electricity in several markets in the United States. The Company has equity interests in 497 megawatts of low emission, gas-fired peaking power stations in Western Australia and Queensland, both of which ERM Power operates.

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