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Ceres Power Holdings plc
('Ceres Power', 'Ceres' or the 'Company')

British Gas confirms Alpha CHP product testing successfully completed

Ceres Power announces the successful design, build and testing of 1kW grid-connected Combined Heat and Power ("CHP") products meeting all of the deliverables under the Alpha phase of the CHP programme in conjunction with British Gas. This important milestone has been achieved within the timescale set out in the roadmap presented at Ceres Power's CHP update with British Gas on 24th June 2008.

The grid-connected 1kW CHP products were tested on mains natural gas under representative residential operating conditions, meeting most of a typical home's electricity requirements as well as exporting and importing power to and from the grid as required. The Ceres CHP product integrates the Company's 1kW Fuel Cell Module with all of the ancillary boiler components into a single unit meeting all of the home's hot water and central heating requirements, thereby avoiding the need for a separate boiler. The wall-mountable CHP product uses the same natural gas, water and electricity connections as existing boilers and has been designed for ease of installation, service and maintenance.

During the trialling conducted in the Alpha phase, key tests were witnessed and data verified by British Gas and an independent third party gas appliance testing company appointed by British Gas. All of the Alpha CHP product requirements including performance, size, weight and regulatory compliance were successfully achieved. British Gas has issued an acceptance certificate that triggers the £2m Alpha milestone payment to be paid to Ceres.

The Company has already commenced the design and procurement activities of the Beta phase of the CHP programme to produce Beta CHP units for in-field trials, incorporating refinements arising from the Alpha phase testing. The fit-out of the new volume manufacturing plant in Horsham is well underway with initial operations scheduled to begin in H2 2009. The Company is on track to achieve market launch of the residential CHP product with British Gas in H2 2011.

The Company will provide the market with a technical update including progress of the CHP programme at the announcement of its full year preliminary results in September 2009.

Gearoid Lane, Managing Director of British Gas New Energy, said:

"We are delighted that the Alpha phase CHP product testing has been successfully completed and all of the agreed deliverables have been completed on schedule. This significant achievement underpins the potential mass market opportunity of the Ceres CHP product for the UK residential market."

Peter Bance, CEO of Ceres Power, commented:

“The successful completion of the Alpha phase is a very significant achievement and we are now investing in the Company’s operational capabilities to deliver the residential CHP product in volume. Ceres Power’s fuel cell CHP product has the potential to make a material contribution to the development of a low carbon economy and help the UK meet its climate change targets.”

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