Delivering Energy with Passion

Our Mission

"Together we shall grow Infinis into a more diversified energy portfolio, focused around our core expertise and strong platform, to create long-term value and a sustainable future"

Half year review

Infinis Energy Group Holdings Limited ("Infinis" or the "Group") publishes its half year update for the six month period from 1 April 2017 to 30 September 2017 (the "period").

Overview

Infinis' landfill gas ("LFG") business continues to deliver a stable and predictable base load generation profile and this has resulted in a solid half year performance - revenue, costs and EBITDA(1) were in line with management expectations.

As LFG output continues to naturally decline we remain focused on growing the business by building on our solid platform and by identifying opportunities to exploit the business's spare engine and grid connection capacity. Together with our shareholder 3i Infrastructure plc we are reviewing projects in non-LFG generation activities and 3i Infrastructure plc has recently agreed to provide further equity of £12.0 million to support these projects. This investment will allow, in the near-term, the build-out of an additional 35MW of organic peaking projects powered by natural gas or liquefied tankered fuel. This is a clear first step to achieving our mission.

On 3 October 2017, we announced to the business that we had delivered the first 2MW of the 35MW planned – a propane powered peaking facility at Arlesey. Our 2MW propane powered peaking facility at Dogsthorpe is expected to transition into commercial operation in November 2017. Delivery of our organic pipeline remains firmly on track.

Group performance*

Infinis' health and safety performance remains paramount. September 2017 was our tenth successive month without a RIDDOR(2) reportable incident and our RIDDOR AFR(3) and TRIR(4) have improved since the year end.

We have continued to focus on operational excellence with high engine reliability and availability in our business.

Exported power decreased by 84GWh to 721GWh for the period as compared to the same period in 2016. This was due to the natural decline in LFG on the sites from which we operate and is part of our operating model.

The proportion of electricity exported under the Renewable Obligation ("RO") Scheme for the six months to 30 September 2017 increased to 99.4% from 97.3% for the comparative period in 2016. Total average selling price ("ASP")(5) for the six month period to 30 September 2017 was £89.50/MWh, an increase of £0.85/MWh on the comparative period figure of £88.65/MWh, reflecting the increase in wholesale power prices. Of our revenue, circa 50% remains underpinned by index-linked Renewable Obligation Certificates ("ROCs") and other regulatory mechanisms. Our contracted position continues to protect against any revenue downside in the near-term.

Market update

During the period, wholesale power prices have continued to trend upwards, against the backdrop of a rising oil price and nuclear outages. Wholesale power prices increased on average by over £2.50/MWh across the forward seasons, rising steadily since May 2017 before easing in the second half of September 2017. Infinis continues to lock in power prices at prices pre-agreed ahead of seasons of delivery for most of the Group's exported power in line with our forward contracting strategy.

Regulatory update

As detailed in Infinis' 2017 Annual Report and Accounts, so-called 'triad' payments passed to embedded generators such as Infinis for power generated at particular occasions of peak demand are facing a significant phased reduction commencing in FY19. On 6 October 2017, Ofgem announced that it had been served with a claim for judicial review concerning its decision to reduce triad payments in the way proposed. Ofgem confirmed that it is defending the claim and that its original decision stands unless quashed by the court.

As also mentioned in Infinis' 2017 Annual Report and Accounts, Ofgem launched a Significant Code Review in August 2017 with the objective of reforming aspects of the charging methodologies for the transmission and distribution networks and keeping other benefits received by embedded generators under review. The Charging Futures Forum (CFF), chaired by Ofgem, has been established to co-ordinate the review.

(1) EBITDA is a non-GAAP measure and is defined as earnings before interest, tax, depreciation, amortisation and operating exceptional items
(2) Reporting of Injuries, Diseases and Dangerous Occurrences Regulations
(3) The measure of RIDDOR occurrences for employees and contractors. Reported as the number of instances for every 100,000 hours worked
(4) Total Recorded Injury Rate. The combined measure of reportable, lost time and medical treatment injuries for employees and contractors
(5) The ASP is defined as RO and NFFO revenue recognised in the period divided by exported power

* The results for the period ended 30 September 2016 represent the performance of the LFG entities acquired by 3i Infrastructure plc as reported under the previous parent company of the LFG business, Infinis Energy Limited