



UK Government opens market for efficient electricity generators

Australian based fuel cell developer, Ceramic Fuel Cells Limited, (ASX code CFU) welcomes UK Government policies to encourage the uptake of micro-CHP systems.

CFCL's fuel cell powered micro-CHP unit is designed to generate 1 kW of electricity and 1kW heat, sufficient for basic electricity and hot water requirements for a family of four, using readily available natural gas. ('CHP' means 'combined heat and power'.) CFCL is currently commissioning a demonstration version of its highly efficient Micro CHP unit, and is targeting the UK and European markets.

Effective as of 7 April 2005, the UK government has cut the VAT (Australian equivalent to GST) from 17.5% to 5% for micro-CHP systems, in order to support demand for this emerging technology at the expense of existing, less environmentally friendly technology. The reduction in VAT is effectively a 12.5% 'subsidy' for micro CHP units over conventional systems, which CFCL believes will help micro-CHP units become more cost competitive, and ultimately drive micro-CHP sales in the UK.

This VAT tax cut is perhaps the most significant measure taken by the UK Government in its March budget to deliver on their targets of sustainable growth, better environmental outcomes and cuts to greenhouse gas emissions (12.8% below 1990 emission levels by 2012). The UK Government has also taken other initiatives to encourage the uptake of micro-CHP systems, including establishing targets for the number of units, energy generation and greenhouse gas emission savings from the installation of micro-CHP systems in buildings across the UK by 2010.

"The UK government is so concerned to speed up the uptake and beneficial features of micro-CHP that it is now proposing specific policies, incentives and programs for these low carbon and efficient systems, separate to those for renewables" said Julian Dinsdale, Executive Chair of CFCL.

"This is excellent news for CFCL and verifies our strategy to target the growing UK and European micro-CHP market. Micro-CHP systems that produce both useful heat and electrical power for residential and office use are recognised as more fuel efficient generation systems than current centralised coal fired power stations. Further benefits are lower greenhouse gas emissions, and the fact they reduce reliance upon stressed network and distribution systems whilst generating electricity for use on site or sale back to the grid".

Of the 24 million households in the UK, as many as 14 to 18 million are thought to be suitable for micro-CHP units. ¹

CFCL anticipates its micro-CHP system will deliver considerable fuel conversion efficiencies of above 80% versus 30%, and reduce CO² emissions by 60%, when compared to current coal fired power stations.

2/

¹ Micro-CHP Fact Sheet, UK, GOGEN Europe, March 2005, www.cogen.org

“While CFCL looks forward to taking advantage of the market incentives provided by the UK Government, we encourage the Australian Commonwealth and State Governments to adapt Australian regulations and programs. Micro-CHP provides for more efficient and less polluting generation of electricity; we believe it is time Governments updated the national and state building codes, such as the Victorian 5 Star Regulations, to provide incentive for such systems in this country”, concluded Mr Dinsdale.

ENDS

Ceramic Fuel Cells Ltd (CFCL) is a publicly listed company (ASX code CFU) and world leader in development of energy fuel cells using natural gas. CFCL's fuel cells have potential to meet significant market demand in Europe, UK and Asia for clean, efficient, green and reliable electricity for use on site and sale back into the power grid.

With 100 skilled staff and 28 patents for its unique product design and intellectual property, CFCL is pursuing partnerships for manufacture, production and use of its fuel cells in delivering electricity in homes, offices and industry around the world.

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