

Copy Ref: BAXI0023AV

Date: July 2006

■ BAXI SIGNS AN AGREEMENT WITH MICROGEN

Baxi Heating UK, the leading UK boiler manufacturer in partnership with Microgen Energy Limited, the leading microCHP & Stirling engine technology company, will pioneer the production and distribution of an alternative domestic heating appliance initially for the UK market. The partnership, which combines Baxi's considerable expertise in boiler design and development with Microgen's leading expertise in cogeneration product design utilising Free Piston Stirling Engine (FPSE), combustion and controls technology, will bring a micro combined heat and power (microCHP) appliance to the UK residential market in 2008.

The appliance will be wall mounted, compact, easy to install and will be available in both standard and combi variants. Incorporating Baxi's latest condensing boiler technology with Microgen's Stirling engine, advanced controls and microCHP combustion technology, the microCHP unit will have two burners to convert natural gas to heat, hot water and electricity. One burner heats the Stirling engine to provide heat and hot water, simultaneously generating electricity. The second supplementary burner provides more heat in high demand periods. The units will come with a fan-assisted balanced flue with rear or side flueing options for flexible installation.

With outputs of over 1 kW electricity and 15kW to 36kW heat output, the microCHP unit will also be capable of modulating down to just 5kW of thermal output optimising efficiency and power generation. It will produce enough electricity to run some household appliances such as a fridge freezer, TV, and microwave at the same time. Additional demand beyond this will be taken from the national grid as normal, and any excess power not used by the household will be exported back to the grid.

Using a microCHP unit will reduce the typical homeowners' annual energy bill by approximately 25 per cent compared to a conventional boiler, equating to a saving of over £100 each year. Additionally CO₂ emissions could be reduced by up to 1.5 tonnes per household per year, providing a painless way for householders to contribute to the environment.

Baxi has already shown commitment to the renewables market with its existing CHP and fuel cell microCHP technologies. The company also recently launched a solar thermal heating package for domestic hot water Baxi "Solarflo", ground source heat pumps, Baxi "Geoflo" and biomass boilers to offer a comprehensive range of microgeneration products to the UK.

Martyn Coffey, CEO of Baxi Heating UK Ltd comments: "The way energy is being delivered to the home is changing radically. There is an increasing demand for more environmentally friendly ways of heating and powering the home which Baxi has acknowledged and responded to by working in partnership with Microgen to make microCHP available to homes throughout the UK.

"The microCHP unit allows households to reduce both energy consumption and the emission of harmful gases. Homeowners who utilise this technology will benefit from high comfort levels and an effective energy system which offers fuel price savings."

Chris Lee, CEO of Microgen Energy Ltd said: "Working in partnership with Baxi means that the UK can make significant advances in the introduction of microCHP technology, utilising our Stirling technology. This will enable the UK consumer to make a real contribution in meeting the need for more efficient energy usage and a cleaner environment. The SBGI* have estimated that 14 million homes in the UK are suitable for microCHP installations. If all those homes utilised the Baxi unit, we would be helping the government meet a quarter of its total Kyoto target."**

Baxi Heating UK Limited is planning for commercial launch of their microCHP technology in Q1 2008, powered by Microgen's microCHP technology.

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Notes to editors

About Microgen

Microgen Energy Limited is a wholly-owned subsidiary of BG Group - 'a global natural gas business'. Microgen has its Headquarters and Technology Centre in Peterborough, Cambridgeshire. www.microgen.com

*The SBGI is the Society for British Gas Industries

**Based on the SBGI Report "microCHP – delivering a low carbon future" Sept 2003

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