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Update on the commissioning of the CHO Morcenx Power Plant

Over the last two weeks, the CHO Morcenx plant has reached unprecedented performance levels, but an incident unfortunately forces us to further delay the provisional take over procedure.

Between March 6th and 8th, the plant has gasified 305 tons of CHO Fuel (waste and biomass), produced good quality gas (approx. 20% CO and 10% H2), and delivered to the grid 113 MWh of renewable energy. On March 9th, we were however confronted to a CHO fuel slagging phenomenon in the gasifier, which led us to stop the process. A visual inspection on March 10th evidenced the need for a complete cleaning before a restart, preventing us from proceeding with the provisional take over tests on March 11th, as initially scheduled.

Such a slagging phenomenon is not unusual in the gasification technology. It results from a sudden rise in temperature of the waste bed, itself resulting from uncontrolled chemical reactions, which can have many sources (nature and flow of waste input, temperature and flow of air input, waste bed height, agitator rotational speed, etc). CHO Power and CHOPEX teams were well aware of this phenomenon, but the incident of March 9th clearly shows that setting the facility requires fine adjustments that we do not yet master in totality.

Fortunately, these are only chemical adjustments. The facility's capacity to reach planned performance levels is not at all challenged. On the contrary, last week's tests have reinforced our convictions in this respect. Slag samples were given for analysis to independent laboratories, their composition should help identify the exact causes of the problem.

The next test campaign will start at the end of this week, as soon as the facility has been cleaned and reheated. This will be undertaken in the presence of the supplier of the gasifier and external experts, and will be executed even more prudently than the previous campaign, in order to adjust each operating parameter in an optimal and risk-free manner.

At this stage, it is impossible for us to establish a fixed date for the provisional take over procedure, optimisation of operating parameters can take three days or three weeks. The company will disclose the new procedure agenda as soon as possible.

The delay of the provisional take-over procedure will have significant impact on the Group cash flows, since it will delay corresponding contractual payments, guarantee releases by the client, and the raising of external funds destined to cover the company's cash requirements until final acceptance date. The management, Board of Directors and the client have started discussing that issue, its magnitude will also depend upon the planning of the provisional take-over procedure.

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