RWE Power’s Agenda on Climate Protection

LatinamericanCarbonForum
Quito – Ecuador
March 22-24, 2006

Uwe Mades, RWE Power AG, Germany
Continental European electricity generation from lignite and hard coal, nuclear energy, gas, hydro power, wind energy, photovoltaics and biomass, lignite refining and production of energy resources (lignite, oil and natural gas)

- EBITDA of €2,158 million
- Workforce of 18,702*
- Electricity generation of 183.2 TWh**
- Capacity of 33,664 MW**

* full-time equivalent (including RWE Trading)
** incl. power plant capacities not owned by RWE and dispatched by the company based on long-term contractual agreements

31/12/2005
RWE Power – Energy Portfolio

**Power Generation Capacity**
33,664 MW

- **Gas**: 12%
- **Hard coal**: 28%
- **Nuclear energy**: 19%
- **Lignite**: 32%
- **Hydro, oil, other**: 9%

**Gross Power Generation**
183.2 TWh

- **Lignite**: 41%
- **Nuclear energy**: 25%
- **Hard coal**: 25%
- **Gas**: 6%
- **Hydro, oil, other**: 3%

31/12/2005
RWE Power – Emission Reduction through Domestic Action

- Replacement of outdated power plants through new power plant technology:
  - Sept. 2005: Decision to build a 2,100 MW lignite-fired power plant with optimized plant technology (43% efficiency)
  - Nov. 2005: Decision to construct a 1,500 MW dual-block hard coal power station. We strive to achieve efficiencies exceeding 50%.

- R&D with focus on emissions reduction:
  - 2007: commissioning of a pilot plant with lignite drying beforehand
  - Involvement in the research of a “700 degree power station”
  - Exploring ways of CO$_2$ sequestration (“CO2-free power plant”)

- Current renewables portfolio of 1,189 MW installed capacity
RWE Power – Our Contribution to Global Climate Protection

Since 1992, RWE is a member of the e7 Initiative with JI/CDM project activities in
- Indonesia (renewable energies)
- Jordan (energy efficiency)
- Ecuador/Galapagos (diesel displacement through wind power)
- Nicaragua (hydro power)
- Bhutan (hydro power) – this project was one of the first projects registered under UNFCCC

Funds: since 1999 participation in the World Bank Prototype Carbon Fund

Emission Trading: RWE one of the first (since 2003) and most active players in the EUA trading

Participation in Buyer Pools
RWE Power – How we see the JI/CDM Market

**Demand side:**

- **European countries** have communicated that they intend to buy certificates from JI/CDM projects with a total volume of approx. 500-600 mill. t CO₂e
- Demand from **Canada** remains unclear after recent elections
- Demand volume by **companies** estimated 100-400 mill. t CO₂e
- **Funds** have been launched in order to generate some 200-250 million certificates

**Supply side:**

- Volume of **registered** CDM projects: 200 mill. t CO₂e
- Projects **expected to be registered** within the next 6 months: 300 mill. t CO₂e
- Projects at PDD stage: 400 (CDM) + 100 (JI) mill. t CO₂e
- **Green Investment Schemes** giving access to AAUs with a potential of more than 1000 mill. t CO₂e are possible to enter the market starting from 2008
RWE Power – How we see the JI/CDM Market

Risk Elements:

- Market price risk
- Delivery risk
  - Project risks: credit risk, country risk, technical risk, risk of implementation, influence of NGOs, performance risk (volume)
  - Regulatory risks: risk of certification, risk of transfer of certificates to National Account (ITL), cap in European National Allocation Plans
  - Risk of contract fulfillment
- Liabilities
RWE Power – Your Business Partner for JI/CDM Projects

- Purchase of emission reduction certificates
  - CERs generated by CDM projects until 2012
  - ERUs generated by JI projects during 2008-2012

- Direct participation in JI/CDM projects
  - We offer to share our competence and experience with project hosts and developers
  - We are willing to participate in JI/CDM projects by providing financing, JI/CDM process skills or technical know-how

- Request for proposals
  - We invite you to submit your JI/CDM project to discuss a potential partnership
If you look for a partner for your project development, please contact:

RWE Power AG
Climate Protection
Huyssenallee 2
45128 Essen
Germany

Muchas gracias por su atención!

Uwe.Mades@rwe.com