

RWE Climate Protection

RWE's approach to the CDM

Uwe Mades / RWE Power

Regional CDM Project Coordinator Latin America and the Caribbean

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- RWE is a leading European integrated electricity and gas company
- Strong position in the electricity markets of Germany (No. 1) – United Kingdom (No. 2) – Europe (No. 2)
- Total power plant capacity: 43,434 MW
- Produces over 180 billion kWh of electricity every year
- Workforce of about 38,000 in Germany and 30,000 abroad
- Energy sources: Lignite, hard coal, nuclear, natural gas and renewables (hydro, wind, biogas, mine gas, solar energy)
- RWE Power manages all activities related to CDM/JI within the RWE Group with a skilled team of specialists in climate protection

RWE's electricity generation: No. 2 in Europe using a broad mix of energy sources



Germany: Power produced in 2006 in TWh (own plants only ¹)

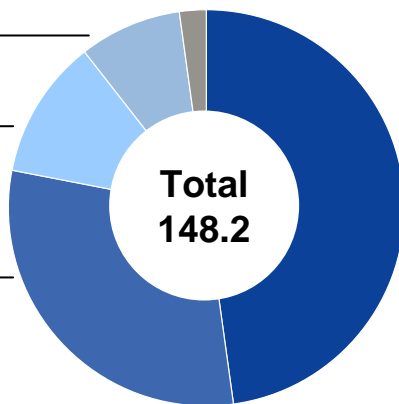
Hydro, other 3.4

Gas² 9.9

Hard coal 19.7

Nuclear energy 47.3

Lignite 67.9



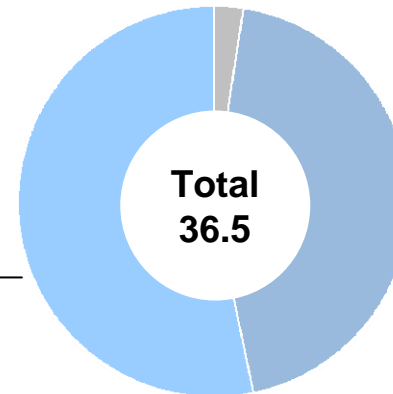
CO₂ emissions in 2006
117.7 million tonnes

UK: Power produced in 2006 in TWh

Oil, other 1.3

Hard coal 20.8

Gas² 14.4



CO₂ emissions in 2006
24.7 million tonnes

¹ Excluding electricity procured from power plants not owned by RWE that we can deploy at our own discretion on the basis of long-term agreements, totalling 31.1 TWh (hard coal) and 2.5 TWh (hydro, other).

² Including combined heat and power.

RWE's contribution to climate protection comprises a package of measures



Energy efficiency

Increasing energy efficiency ...
... invest in best available technology: lignite, hard coal, gas, CHP
... strong R&D: Develop new technologies e.g. fluidised bed drying, increasing steam parameters

Renewable energies

Invest up to € 650 million over the next five years

CDM/JI

€150 million budget for developing international projects for the reduction of greenhouse gas emissions

CO₂ free power plant

Industrial scale with coal gasification, CO₂ capture and storage; integrated project; 450 MW; 2014 commissioning

RWE's approach to the CDM market



A prime buyer of carbon credits for its own compliance via

- Emission Reductions Purchase Agreements (ERPA) with project owners
- Participation in Carbon Funds: RWE has been contributing to the Prototype Carbon Fund of the World Bank since 2000

Direct participation in CDM projects by providing

- Financing
- CDM project skills
- Technical know-how

Purchase of certificates

- RWE considers all types of applications which are eligible under the European Emission Trading Scheme (EU-ETS)
- Note:
Aforrestation/reforestation (A/R) projects are excluded

Direct project participation

- **Nitrous Oxide (N₂O)**
 - Nitric acid plants
- **Methane (CH₄)**
 - Coal Mine Gas
 - Landfill Gas
 - Biogas
- **Carbon Dioxide (CO₂)**
 - Energy Efficiency
 - Fuel Switch
 - Renewable Energies

Examples of current CDM projects in Latin America with participation of RWE (I)

Chile (Mejillones, Province of Antofagasta):

- Catalytic N₂O destruction project in the tail gas of the Panna-3 nitric acid plant of Enaex S.A., Chile
- CDM managed by RWE and CARBON Austria
- Construction works completed by October 2007
- Expected N₂O destruction rate >98%
- Expected annual emission reductions > 800,000 tCO₂e

CDM project participants:

- Enaex S.A., Chile
- Mitsubishi Corporation, Japan
- RWE Power, Germany



Examples of current CDM projects in Latin America with participation of RWE (II)



Ecuador (San Cristóbal, Galápagos):

- 2.4 MW wind power project
- CDM managed by RWE
- Approx. 50% displacement of diesel fuel by wind power
- Construction works completed by October 2007
- Expected annual emission reductions $\approx 3,000 \text{ tCO}_2\text{e}$



Partners:

- The e8 electricity companies
- Elecgalápagos
- United Nations Foundation
- UNDP

Examples of other climate friendly projects with participation of RWE



Nitrous Oxide:

- N₂O destruction project in the tail gas of Abu Qir nitric acid plant in Egypt (fertilizer production)
- CDM project of RWE and CARBON Austria
- Registered CDM project since October 2006
- Average annual emission reductions > 1.0 Mio tCO₂e



Coal Mine Methane:

- RWE's Mingas-Power is the largest power producer in Europe based on coal mine methane
- Total generation capacity 54 MW_{el}
- CDM/JI activities recovering coal mine methane under development

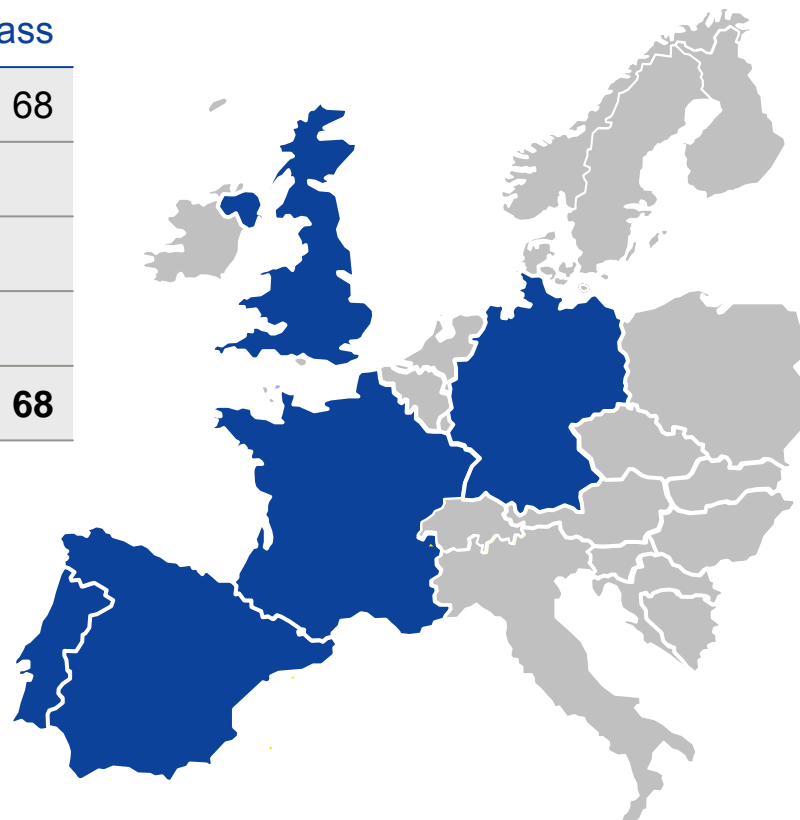


Energy Efficiency:

- Efficiency improvement at RWE's own power plant fleet
- 1% efficiency increase of a 200 MW unit avoids up to 15,000 tCO₂ annually
- Also: Increasing plant profitability

RWE – More than 1.3 GW renewable capacity in Europe

MW (as of 2007)	Hydro	Wind	Biomass
Germany	604	33	68
UK	55	391 ¹⁾	
France	45		
Spain/Portugal	31	125	
Total²⁾	735	549	68



1) Thereof 60 MW offshore

2) Consolidated or 100% contracted power plants

In addition RWE is engaged in 3,177 MW renewables generation via minority holdings

Ratings underpin successful Corporate Responsibility strategy of RWE

- Since the launch in 1999 RWE has been listed in Dow Jones Sustainability Indexes. For 2006/07 RWE is selected **“Sustainability leader in multi utilities”**
- Member of **Climate Leadership Index** of CDP4 with a best-in-class ranking
- RWE’s **open reporting** scored excellent rankings in Germany and internationally:



CARBON DISCLOSURE PROJECT

No. 3

... of Fortune Global 500, Energy & Utilities Sector, in the Pacific Sustainability Index, developed at the Roberts Environmental Center (2005)

No. 6

... of Sustainability Reporting in Germany (February 2005)

No. 12

... of Accountability Rating 2005 of Fortune 100 companies (September 2005)

Advantages for project partners in teaming-up with RWE



- Solid counterparty: A company founded over a 100 years ago with a strong cash-flow and asset base (S&P Rating A); our long-term business principles are underlain by an investment programme of more than € 10 billion in our asset base over the next 5 years
- Compliance buyer: Biggest player in the EU Emissions Trading Scheme
- Fast decision making: RWE is committed to responding quickly to potential sellers
- Technical know-how: RWE is an engineering driven company with a highly competent and experienced technical workforce
- Experienced partner: Project development and operation is RWE's core business
- Financing: A budget of € 150 million has already been allocated by RWE to develop CDM/JI projects
- Risk sharing: As project participant, RWE shares the risks associated with project development and operation
- Regulatory process: Our CDM team has the necessary experience to manage the regulatory approval of the project

RWE understands the challenges of implementing CDM projects

We are looking forward to discussing a potential partnership with you!



- Direct project participation – equity investment and risk sharing
- Purchase of carbon credits

Please contact:

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