

Price Risk in CDM projects

How EnBW can help Project Owners in
the Mitigation of Price Risks

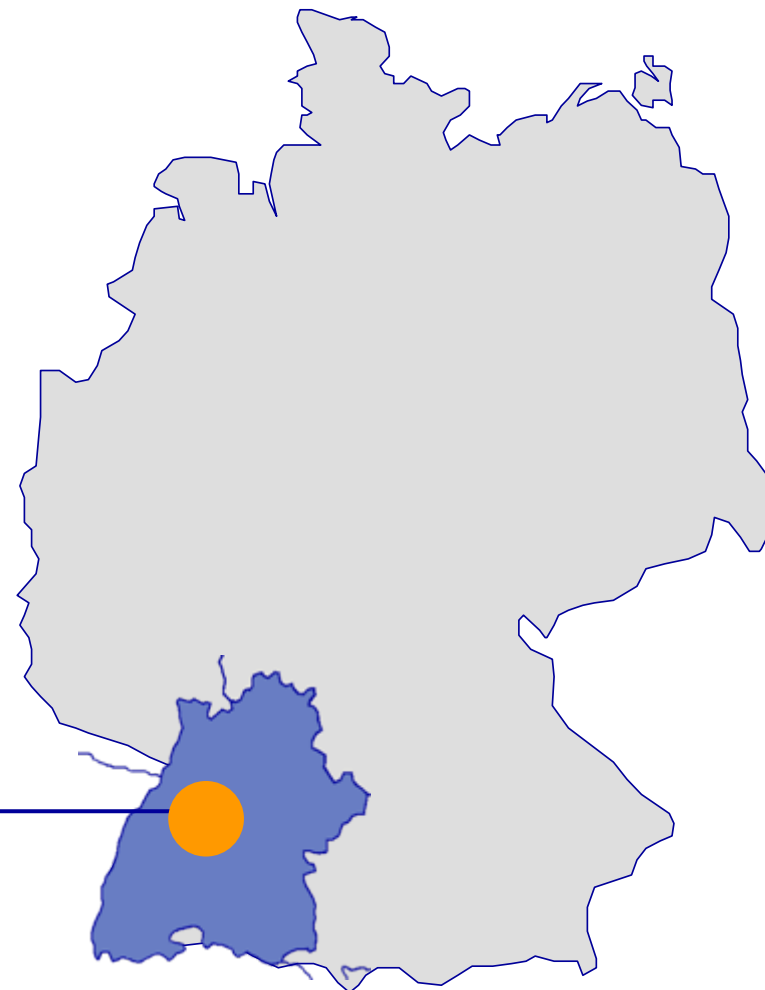
www.enbw.com



The Power
Pioneers

EnBW AG is the third largest German Utility

- › External revenue: m € 16,305 (2008)
- › EBIT: m € 1,468 (2008)
- › Employees: 20,357 (2008)
- › Total capacity: MW 15,000 (2008)
- › Sales:
 - › Electricity: bill. kWh 140 (2007)
 - › Gas: bill. kWh 75 (2007)



EnBW AG
Karlsruhe

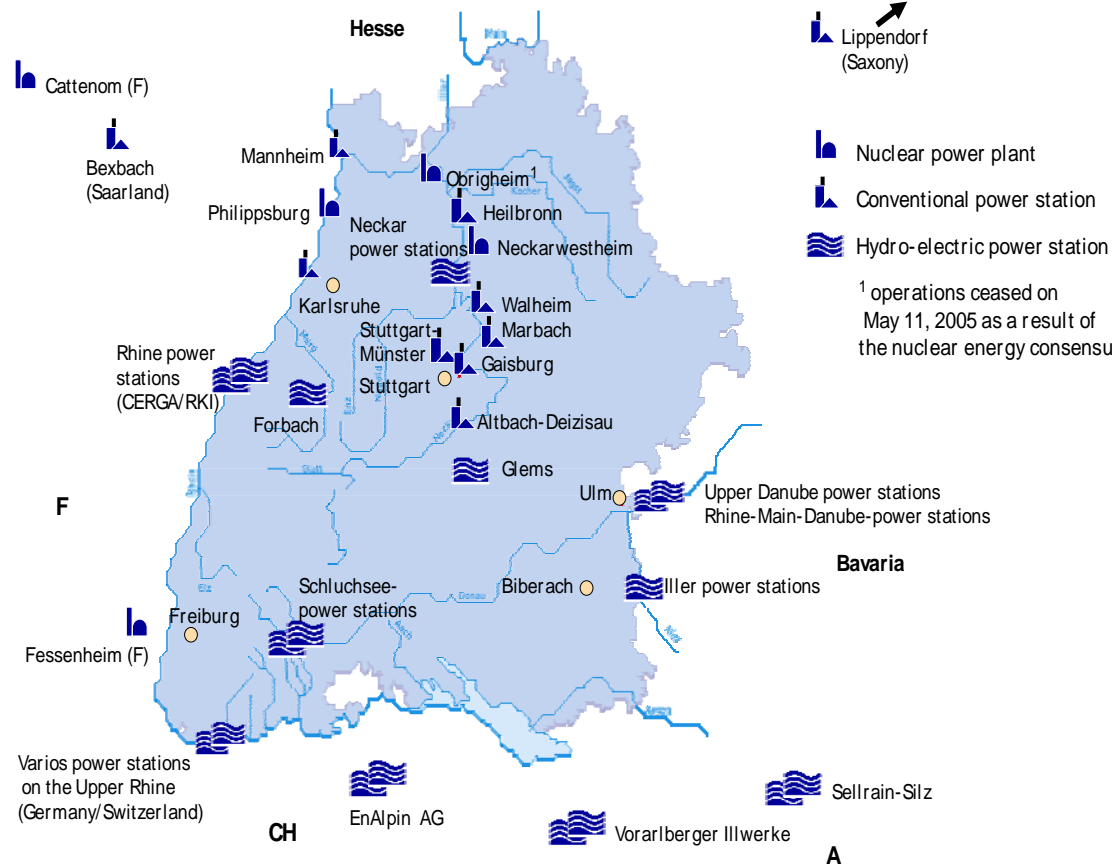
EnBW's Generation Capacity



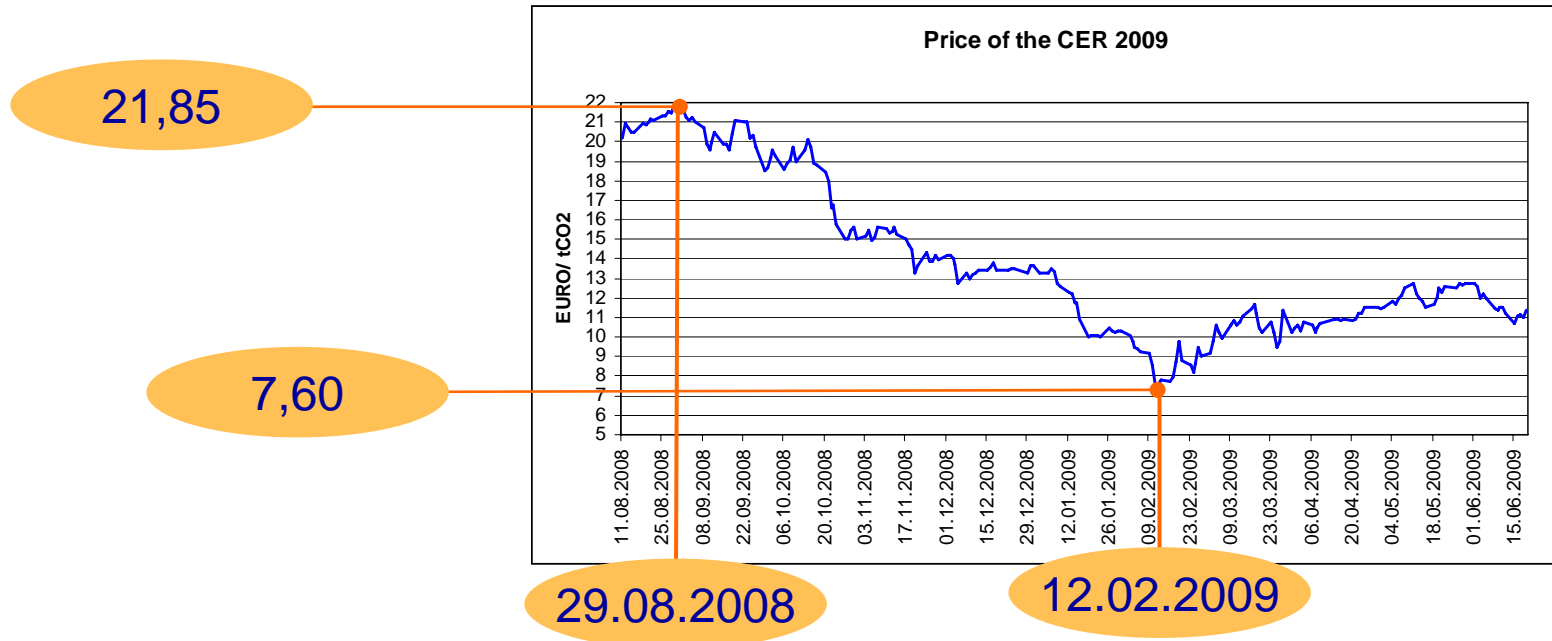
Generation:

- › 2 nuclear power plants
 - › Capacity: 4,846 MW (2008)
- › 10 thermal power stations:
 - › Capacity: 6,585 MW (2008)
- › 11 hydro-electric power stations
 - › Capacity: 3,472 MW (2008)
- › Other Renewable energies
 - › Capacity: 100 MW (2008)

TOTAL installed capacity : 15,000 MW



Volatility of the secondary CER Price



- › A price decrease of more than 60% in not even 6 months shows the high volatility in the secondary market
- › This volatility results in fundamental market risks and might substantially harm the profit of CDM project owners
- › Within a cooperation project owners might use the competence in risk management of EnBW in order to mitigate price risks

Cooperation Opportunities between Project Owners and EnBW

Price risk of CDM project owner

ERPA with indexed price structures

ERPA with mixed indexed and fixed price structures

ERPA with fixed price structures

Equity investment in the CDM project

Expected revenue of CDM project owner

- › Depending on the cooperation the price risks of CERs will be divided differently between the project owner and EnBW
- › With our flexible approach we cover the whole value chain of CDM and hence we can meet the individual risk preference of each project owner

Project Owner's additional Benefits of a Cooperation with EnBW



What we can provide generally:

- › Coordination of the CDM developing process
- › Participation in our technological expertise
- › Facilitation of financing

What we provide in general in an ERPA:

- › With flexible up-front payments we contribute to the financing of your project
- › We pay for the Validation and Registration of your Project as well as for the Verification and Certification of the Kyoto Credits

EnBW's country focus is on CDM projects in South America and Africa



Planned Investment Portfolio:

- › Latin-America: 300 Million USD
- › Africa: 300 Million USD

Requirement:

- › Reliable project partner in host country



Please contact us for further
information

Contact:

Dr. Markus Schaller

++49 160 5870 008

m.schaller@enbw.com



The Power
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Back-Up



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EnBW's Experience in Renewable Energy



Hydro Power: traditionally most important, some retrofitting
63 running river, 12 pump storage, 3,472 MW



Wind: On-shore 80 MW (end 2009)
Off-shore planned for 2010 to 2014:
1.200 MW in Baltic/North sea



Biomass: concentration on regionally applications
45 MW el, 120 MW heat, approx
350,000 t wood/a



EnBW Wind Power Activities Summary



Onshore Capacity: 80 MW in Germany

On- and Offshore Wind farm projects

Onshore Portfolio: Turkey (approx. 340 MW until 2020) and Poland

› Project development and funding

Onshore Portfolio: Capacity to be installed: 1.188 MW

› Construction and commissioning

› 2 projects in German Baltic Sea: „Baltic 1“ and „Kriegers Flak“

› Operation Planned for 2010 and 2011

› National and projects in the German North Sea: „He Dreiht“ and „Hochseewindpark Nordsee“

› Participation and acquisition of wind farms and portfolios
› Planned for 2013 and 2014

