



Press Release

## **Romande Energie withdrawing from the Brunsbüttel thermal power station project**

**In 2008, with a view to ensuring reliable electricity supplies at competitive prices for its 280,000 clients, Romande Energie acquired a minority interest in a project company handling the implementation of a coal-fired thermal power station at Brunsbüttel in Northern Germany. The studies and procedures undertaken in the meantime have changed the original concept so much that the project no longer meets the objectives of Romande Energie, which has therefore decided to sell this shareholding.**

Morges, 12 April 2010 – In July 2008, Romande Energie signed a subscription with the German company SüdWestStrom Kraftwerk GmbH & Co KGK for a tranche of 50 megawatts in the power station project at Brunsbüttel. For the record, 50 megawatts is equivalent to the production of some 300 million kilowatt hours (kWh) a year, or the consumption of around 85,000 households (the Swiss average is 3,600 kWh per household per year). In taking up this tranche, Romande Energie acquired a stake in a company entrusted with conducting preliminary studies and then implementing the various phases of the project.

### **Initial objectives no longer met**

Romande Energie decided to invest in the project company with the aim of exercising its foremost responsibility, i.e. guaranteeing supplies for its 280,000 customers. The output of such a plant would have enabled it to significantly strengthen the coverage of its energy portfolio. By increasing its own-power generation, Romande Energie could also become less dependent on the electricity markets and thus gain more control over its tariffs.

Today, however, the project is still in the development phase and Romande Energie has realized that it is no longer in line with the original expectations. Whereas an investment in this project initially ensured an energy return at cost price, the model is in the process of changing for tax reasons. The plan now is that shareholders in the company concerned will receive dividends and be offered energy at prices little different from those on the market.

Furthermore, the project does not yet provide for harnessing carbon emissions. Nor is the cost of offsetting carbon emissions over the entire life of the plant clearly defined. This represents an unknown financial factor of considerable importance, which is worrying for Romande Energie.

Finally, the power station project is two years behind schedule. This means that the amounts invested are tied up and cannot be allocated to other projects, and that Romande Energie has to deal with its supply problems by continuing to buy the necessary volumes on the markets.

### **Alternative solutions being sought**

Even though the project provides for an attractive financial return and the building permit is expected to be issued this summer, the Board of Directors of Romande Energie has decided to sell the investment in view of the changes in the initial conditions and the increased sensitivity of clients and public opinion towards this type of plant.

In order to secure its supplies on a long-term basis, Romande Energie now intends to seek alternatives to this investment in the form of new projects, shareholdings or long-term contracts.

Romande Energie confirms its determination to invest massively in the expansion of production based on new renewable energy sources. Convinced as it is that the electricity mix remains the only realistic solution in the medium term given current possibilities and future electricity needs, it also remains committed to the gas-fired thermal power plant projects at Cornaux and Chavalon. These projects are essential to safeguard the independence, in energy terms, of Western Switzerland and they constitute a solution for significantly increasing own-power production at Romande Energie in order to provide its clients with sufficient, safe and economical energy supplies.

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#### **Note to editorial desks**

This press release is being issued outside the trading hours of the SIX Swiss Exchange as required by the SIX Listing Rules on ad hoc publicity.

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Groupe E is today sending a similar press release to editorial desks announcing its withdrawal from the Brunsbüttel power station project. Groupe E and Romande Energie were pursuing the same objective by investing in this project. The two companies have conducted joint analyses on the project's progress for several months. As a result, they also wanted to coordinate the information they are publishing about this issue.

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**The CEO of Romande Energie will take questions from the media at a press briefing to be held on Monday 12 April 2010 at 10 am on the premises of Romande Energie (rue de Lausanne 53, Morges).**

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