

## Internal Information

### **CEZ Group wants to reduce greenhouse gases emissions by 15 per cent**

#### **The action plan implies threefold production of electricity from renewable resources in 2020**

**CEZ Group is planning to triple the production from renewable energy resources (OZE) by 2020. That emerges from the Plan of Action to reduce CO2 emissions by 2020, which has been posted by the firm management. According to the plan, electricity production from OZE in 2020 should reach 5.1 TWh, which is three times more than CEZ Group's production from the resources in 2005 (1.7 TWh). Other objectives include a 15 % reduction of greenhouse gases emissions, contribution to fulfilment of the national goal to reduce energy intensity by 23 TWh per annum and investments into foreign projects, which will lead to savings of no less than 30 million tons of CO2 . The planned measures will require total additional expenditures of over 17 billion CZK.**

„The Plan of Action and its ambitious goals in the area of abatement of emissions are a clear statement of our positive relation to the environment protection and sustainable growth. They prove that CEZ Group places emphasis on social responsibility,“ said Martin Roman, Chairman of the Board of Directors and CEO of CEZ. „Already last year we entered, through our public declaration, into obligation to reduce greenhouse gases emissions. Our commitment to re-invest the entire profit from sales of saved allowances into other measures leading to reductions of greenhouse gases emissions, new technologies and other measures improving the quality of the environment are part of the declaration,“ added Alan Svoboda, Chief Sales Officer responsible for environmental agenda of CEZ. „The Plan of Action is a logical and concrete outcome of our public commitment,“ he added.

Objectives and measures of the action plan are divided into 4 main areas: 1) renewable energy resources, 2) reduction of emission levels of CEZ resources, 3) energy saving, and 4) foreign projects to reduce emissions.

In the area of renewable energy resources, CEZ Group will be focusing on utilization of wind and biomass. „The potential of wind energy can be utilized first of all due to the technology availability. In terms of strategy, however, we will also give attention to purposefully grown biomass and to securing its availability for the industry,“ explained Alan Svoboda. „The objective is to produce three times more energy from renewable resources in 2020 than in 2005,“ added Svoboda. In its wind power plants, CEZ Group is planning to reach total installed capacity of 100 MW by 2012 and of 500 MW by 2020 with overall costs amounting to 20bn CZK.

In addition to biomass combustion in the present coal-fired power plants (Hodonin, Porici, Tisova, Ledvice), CEZ Group is planning to produce also fine biomass. A new plant combusting fine biomass with the capacity of 5 MW should be constructed in Hodonin. A part of the Dvur Kralove thermal power station should be reconstructed to burn fine biomass as well.

Further, CEZ intends to increase efficiency of small hydro-power plants on average by 5 % with total costs of 300 million CZK by 2020. As for large hydro-power plants, CEZ wants to

enhance efficiency, thus also production, on average by 3 %, investing ca 100 million CZK by 2010.

„According to the Plan of Action, the level of CEZ Group’s greenhouse gases emissions shall fall by 15 % by 2020, while the total emission factor will decrease from 0.55 t/MWh (in 2005) to 0.47 t/MWh,“ said Svoboda. The basic measure to reduce emissions is acceleration of coal-fired plants reconstruction using the best available technologies including so called „Clean Coal“ technology.

Reconstruction of Ledvice power plant (by 4 years) as well as comprehensive reconstruction of Tusimice and Prunerov plants (both by 3 years) will be accelerated compared to the standard end of operation. Accelerated reconstruction means more emission savings in comparison with savings that would be reached if present resources were reconstructed after the end of their life span,“ emphasized Svoboda. CEZ has already fully started its programme to reconstruct the coal resources that are towards the end of their service life, planning to invest total 100bn CZK. Works in the Tusimice site will begin in the middle of this year.

In the long term, the Plan of Action implies CEZ Group’s engagement in European R&D projects and implementation of the pilot project Near Zero Emission Power, which will record radical savings of CO<sub>2</sub> emissions in coal resources.

CEZ Group wants to contribute to the fulfilment of the national goal to reduce energy intensity by 23 TWh per annum especially through education aimed at changes in consumers behaviour. The education will involve propagation of economical life style, popularization of energy conservation, cooperation with producers of energy-efficient appliances, complex attitude to savings with other utility suppliers (gas, water) or connection to the Green Energy project. High emphasis will be placed on the development of customer services and consultancy tools and on propagation of reduction in household consumption. There will also be established special CEZ Group consultancy centres.

To realize projects to reduce emissions abroad through „carbon financing“, reaching the total volume of at least 30 million tons of CO<sub>2</sub> equivalents of realized savings, CEZ Group will use the Kyoto’s Joint implementation and Clean Development Mechanism. „We have already made first investments into emissions saving projects. We are focusing on the region of Central and Eastern Europe. By the end of this year, we want to lay the foundations of the portfolio of such investments reaching 1bn CZK,“ added Alan Svoboda. Our priority will be energy saving projects, changes of fuel and development of renewable energy resources. By 2012 CEZ Group plans to invest from 5 to 20 projects with yearly savings of 600 thousand tons of CO<sub>2</sub>.