

Inside Information

CEZ has agreed on purchase of stake in Prazska teplarenska

Energy company CEZ has agreed on the purchase of ca 49% stake in Prazska teplarenska (Prague's major heat supplier) from its new owner, J&T Group, that acquired the stake in cooperation with Dalkia among other energy assets put on sale by International Power.

The purchase of the 48.67 % stake will be closed in the following months. The details of the transaction will not be disclosed.

CEZ's interest in Prazska teplarenska is closely related to its planned CCGT in Melnik, which will also provide heat for Prague in the future.

Given its position in the Czech power generation market, CEZ was effectively prevented from bidding directly for the package of International Power's assets, as they were only offered as a whole. CEZ therefore negotiated the purchase of the minority stake in Pražská teplárenská with the new owner of the assets, J&T Group.

The management of CEZ approved the business plan concerning the new 800 MW steam-gas power plant in Mělník in late April. The intent of this project is to build a power plant which will be also ready to replace the output of the coal-fired sources situated in this location and approaching the end of their useful life in the near future. The current units will be gradually shut down in the period after 2015.

The location is very suitable for construction of a gas-steam source since it has all necessary infrastructure, providing also an opportunity of connection to the gas system. Gas-fired power plants have considerably lower emissions of sulphur and nitrogen oxides and dust, as compared to coal-fired plants. Also the CO₂ emissions are lower. This will reduce the emissions in the whole of the Region of Central Bohemia considerably. At present, ČEZ runs 3 coal-fired units in the location, two with the output of 110 MW and one with the output of 500 MW. In the same locality, company Energotrans (100% owned by Prazska teplarenska) operates coal fired units with total installed capacity of 352 MW.

The new source offers much larger flexibility of power generation than coal-fired plants. The gas-steam power plant will be able to operate in all modes – peak, semi-peak and basic load – and will be also very convenient for supply of attractively priced heat for Prague and Mělník after the current coal-fired sources that have been currently providing the heat supply will come to the end of their useful life.

Pražská teplarenska a.s. is the biggest heat producer and supplier in Prague. It supplies approximately 265 000 households, a lot of industrial companies, commercial offices as well as shopping centres. Through its daughter company, Energotrans, it also operates coal fired power plant Melník I. with total installed capacity of 352 MW.