VERBUND Renewable Power
Important success factors for investing in Renewable Energy

Dieter Meyer, Wien 29.04.2011

VERBUND facts

- Austria’s leading electricity company, counting as well among the industry’s TOP companies in Europe.
- covering some 40 % of Austria’s electricity requirement – 90 % of which is derived from renewable hydro power.
- the fourth largest hydro power company in Europe
- listed on the stock exchange since 1988 (Vienna, Frankfurt, London); 51 % of the share capital is owned by the Republic of Austria.

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>Mio. €</td>
</tr>
<tr>
<td>EBIT</td>
<td>Mio. €</td>
</tr>
<tr>
<td>Group results</td>
<td>Mio. €</td>
</tr>
<tr>
<td>Operative cash flow</td>
<td>Mio. €</td>
</tr>
<tr>
<td>Employees</td>
<td></td>
</tr>
</tbody>
</table>
Verband

Wind farms

VERBUND operates three wind farms in Austria, with a total capacity of 49 MW (extension in near future to double the capacity).

In Italy, France and Turkey, the joint ventures operate wind farms with a total capacity of over 300 MW.

In Bulgaria, VERBUND operates a wind farm with a capacity of 16 MW.

A large wind farm in Romania with a total capacity of 200 MW is currently under construction.
Power generation

- PV small 1100 *
- PV large 2000
- CSP with storage 2000
- Wind offshore 3600
- Wind onshore 2000
- Energy mixed fossil

*Values used for full load hours Quelle: Fraunhofer Institut

Developing renewable energy projects in the Black Sea region

**Success factors**

- Support mechanism
- Non-financial aspects
- Grid access and power dispatching
**Verbund**

**Success factor 1: Support mechanism**

**Feed-in-Tariff**
- Is usually the most attractive support mechanism
- Countable returns (if strict rules are implemented)
- Good for getting projects financed
- Straight forward to handle
- Over supporting must be prevented
- Bulgaria, Ukraine, Turkey (Î), France, Austria
- Higher risks leads to higher chances for good returns
- More difficult for market players (utilities) and for implementation.
- Romania, Italy

**Certificate System**
- Countable returns (if strict rules are implemented)
- Good for getting projects financed
- Straight forward to handle
- Over supporting must be prevented
- Bulgaria, Ukraine, Turkey (Î), France, Austria
- Higher risks leads to higher chances for good returns
- More difficult for market players (utilities) and for implementation.
- Romania, Italy

**Tender System**
- Discontinuous market development
- Transparency is key
- Very limited interest for market entry

**Verbund**

**Success factor 2: Non-financial aspects**

- **Legal security**
- **Transparency**
- **Low risk of unforeseen changes**
- **Known duration of the approval process**

**E.g.:**
- Tariff changes (before and after start of operation), landowner issues
- Clear process of approvals (development takes 2 to 5 years) also for local authorities
- Example with environmental permit: but also tariff changes
- Important for realistic planning
Success factor 3: Grid access and power dispatching

- Grid access
- Power dispatching / balancing energy

Examples:
- Guaranteed grid access is essential (reservation fee, temporary, rules for ownership and payments)
- Curtailments of power production (grid planning), major future topic: balancing energy and energy forecasting (not adequately considered yet)

Thank you for your attention