

Commission proposals would have serious consequences for RWE's lignite business

- **Employees and companies must not be disadvantaged**
- **RWE will carefully review the final commission report**

Essen, 26 January 2019

Today, the Commission for Growth, Structural Change and Employment in Germany presented its final report. In the summer of 2018, the German Federal Government had installed the Commission tasking it to identify perspectives for the impacted regions and local jobs, to develop proposals for pursuing climate targets in the energy sector and to recommend an end date for coal-fired power generation in Germany.

RWE will analyse the final report in detail. It can already be seen that the Commission's proposals will have a serious impact on RWE's lignite business. They can form the basis for policymakers to create a reliable planning framework for companies, employees and regions. It is important that this does not result in any disadvantages for the people affected. Thus it is coherent, that the Commission recognises compensation for the economic disadvantages that companies will suffer as a result of politically motivated intervention in their property. The Commission is also fulfilling its mandate to adequately safeguard the interests of the employees affected by the measures.

Nevertheless, the proposals would have far-reaching consequences for the German energy sector and in particular for RWE. The Commission's proposal provides for the phasing out of lignite and hard coal-fired power plants by 2022. In RWE's view, the closures of lignite capacities mentioned in the report cannot be carried out exclusively in the Rhenish region.

As part of the stand-by reserve* agreed in 2015, RWE will already shut down 1.5 GW of lignite capacity by 2023; 1.2 GW of which have already been taken off the grid. Further coal-fired power plants are expected to leave the market by 2030. RWE assumes that the Inden opencast mine and the Weisweiler power plant site (1.8 GW installed capacity) will be closed by this time. The Commission's recommended end date of 2038 for coal-fired power generation is far too early for the company. It is therefore reasonable to re-examine this date in 2032. An extension that is necessary from the point of view of security of supply should then also be considered.

The Commission has proposed the its recommendations should be implemented in mutual agreement between the government and affected companies. It should include considerations for the significant effects on the power plant fleet and lignite mining system. On the other hand, the report will have no impact on the resettlements currently taking place in the Rhenish region, which will be continued as planned. RWE pointed out at an early stage that this would have a

considerable impact on the company and its employees. This applies to directly employed people as well as to many employees of suppliers and partner companies, most of whom are based in the region. RWE takes a critical view of the Commission's wish to preserve the Hambach forest. This would have a massive impact on the opencast mine planning, its technical operations and costs. The company assumes that politicians will seek talks on this issue.

From RWE's point of view, the scope of the power plant shutdowns demanded by the Commission is very ambitious, especially as Germany is phasing out nuclear energy by the end of 2022. Against this background, the proposed monitoring dates in the years 2023, 2026 and 2029, which should also review the effects on security of supply and competitiveness of the industry, is sensible. An important indicator for this is whether the target of 65% contribution of renewable energies by 2030 set by the Federal Government will be achieved and whether progress will be made in grid expansion.

The implementation of the Commission's proposals would represent a structural political tour de force for the regions concerned. The committee has presented a comprehensive catalogue of measures to cope with this task. This can be considered a good first step. However, successfully managing structural change is a task for decades.

Dr. Rolf Martin Schmitz, CEO of RWE, explains: "The Commission's proposals have serious consequences for RWE's lignite business. We will carefully analyse the concrete consequences for our company. The yardstick for the assessment must be that politicians find solutions that neither disadvantage the affected employees nor the company. We are committed to safeguarding the interests of our employees and shareholders. Of course, we are open to discussions."

**In 2015, it had been agreed with the German government to withdraw 2.7 GW of lignite from the grid; RWE alone accounts for 1.5 GW of lignite-based capacity. With this special contribution, RWE pushed the limits of what was possible without far-reaching intervention in the opencast mining system.*

Inquiries: Lothar Lambertz
 Press Department
 RWE AG
 T +49 (0)201 12-23984
 M +49 (0)162 2845484
 lothar.lambertz@rwe.com

About RWE AG:

RWE AG, with its headquarters in Essen, Germany, has three operating divisions: Lignite & Nuclear, European Power based on gas, coal, hydro and biomass, and Supply & Trading. The company plays a major role in power system operations and security of supply across Europe. Its fourth pillar of business is a majority stake in innogy SE, one of the continent's leading energy companies. In March 2018, RWE announced that it will transfer this equity holding to E.ON as part of an asset swap. In exchange, RWE will receive the renewable energy activities of innogy and E.ON as well as further assets. The transaction is expected to be executed by the end of 2019. Thus will turn RWE into a leading supplier of renewable energy in Europe, with a total of over 20,000 employees..

Page 3

Following the introduction of the GDPR, RWE would like to continue to send you press releases featuring information on the latest topics regarding RWE and to contact you via electronic means for this purpose. We hereby inform you that we have updated our privacy policy. We will not disclose any personal data that we have collected, stored and processed for the purposes of sending you our press releases to third parties. Your personal data is submitted on a voluntary basis. You have the right to prohibit this use at any time. You have the right to obtain information from us concerning your stored personal data at any time and free of charge and to object to the processing or use of your data. If you do not wish to continue to receive the press release, please inform us of this via datenschutz-kommunikation@rwe.com. Your data will then be removed from our system and you will not receive any more corresponding press releases from us. Please address any questions concerning our privacy policy to datenschutz@rwe.com. Thank you for your interest and your trust.