

### Coal phase-out regulated by law after two years

- **Regulations provide clarity for the company and its employees**
- **Decommissioning of the first lignite-fired power plant unit already this year**
- **Prompt signing of the public law contract and regulations for adjustment allowance ‘Anpassungsgeld’ necessary**

Essen, 3 July 2020

#### Rolf Martin Schmitz, CEO of RWE AG:

“The law passed today is an important step towards implementing the coal phase-out. RWE bears the major burden with regards to the regulations on lignite. We will be decommissioning the first power plant unit already in a few months. It is therefore necessary to sign the public-law contract quickly and to complete the directive on the adjustment allowance for the employees affected in order to create legal certainty and to be able to handle the job losses in a socially acceptable manner.”

Today the German parliament ‘Bundestag’ passed the Coal Phase-out Act. The law also passed the German Upper House ‘Bundesrat’ today. The regulations in the law to end the use of lignite by 2038 at the latest mean severe cuts for the company. However, they create the necessary planning security for the company and its employees. Before the end of this year, RWE will shut down the first power plant unit with a capacity of 300 megawatts. Further power plant units with a total capacity of 2,500 MW will follow in the next two years. Until 2030, RWE will shut down two thirds of its lignite-fired capacity and thus bears the major burden of the measures laid down in the decommissioning path for lignite.

The closures also have significant consequences for lignite production. The Inden and Hambach opencast mines will be closed earlier than planned, and the Hambach forest will be retained. Over 1.1 billion tonnes of lignite reserves - more than half of the volumes approved for mining - will remain in the ground. Soon, only the Garzweiler opencast mine will be available to safely supply the remaining power plants and refineries with lignite. The Coal Phase-out Act therefore notes that the Garzweiler opencast mine is necessary for the energy industry in order to ensure security of energy supply against the backdrop of the 2016 guiding decision (‘Leitentscheidung’) of the state of North-Rhine Westphalia. This also includes the well advanced 3rd resettlement phase. The coal under the affected villages will be needed as early as 2024.

RWE has already submitted an adapted area concept (‘Revierkonzept’) to the North Rhine-Westphalian state government to contribute to the preparation of a new guiding decision (‘Leitentscheidung’) for the Rhenish lignite mining area. The company will pay special attention

# RWE

to the social aspects of the people affected. The cushioning of social hardships had also been recommended by the Commission for Growth, Structural Change and Employment ("KWSB"), representing a broad spectrum of society.

For the considerable burdens that RWE will have to bear as a result of the coal phase-out, the company will receive compensation amounting to €2.6 billion, which will be paid out over the next 15 years. This amount is significantly lower than the actual loss RWE will suffer, which is around €3.5 billion.

As a result of the regulations, more than 3,000 jobs in the lignite-based business will be lost at RWE by the end of 2022; by 2030 the total number of jobs lost will be about 6,000. This will reduce the total number of people employed in the lignite system by over 60% in just 10 years. In this context, it is necessary that the regulations on the adjustment allowance ('Anpassungsgeld') and on compensation for any pension disadvantages arising in the statutory pension insurance system be established quickly. The trade unions had vehemently advocated this. In addition, the company will also contribute to the job losses being handled in a socially acceptable manner.

The Coal Phase-out Act also provides a clear framework for hard coal fired power stations. RWE will wait for the concrete tender design to be published and will then investigate options.

Rolf Martin Schmitz underlines: "The long process was a tremendous emotional burden for RWE employees. Even under those difficult circumstances, they continued to contribute to a secure electricity supply. Now is the time for all social groups represented in the Commission for Growth, Structural Change and Employment to support the responsible implementation of the coal phase-out."

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## RWE AG

*Harnessing the operations of its four subsidiaries RWE Renewables, RWE Generation, RWE Power and RWE Supply & Trading and a portfolio of around 43 gigawatts of generation capacity, the new RWE supplies clean, reliable and affordable electricity. The company has a generation capacity from renewables including hydropower and biomass of approximately 10 gigawatts. RWE intends to further expand this position by making a net investment of up to 5 billion euros in onshore and offshore wind power, photovoltaics and storage through to 2022. In addition, RWE produces electricity from gas, hard coal, lignite and nuclear fuel. RWE Supply & Trading is the interface between RWE and the energy markets around the world. In order to spur the energy transition, RWE is investing in innovative projects such as heat storage power plants, the generation and use of hydrogen as an energy source, and additional Power-to-X processes. The Group employs a total of around 20,000 people worldwide. RWE AG is headquartered in Essen, Germany.*

## Forward-looking statements

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