



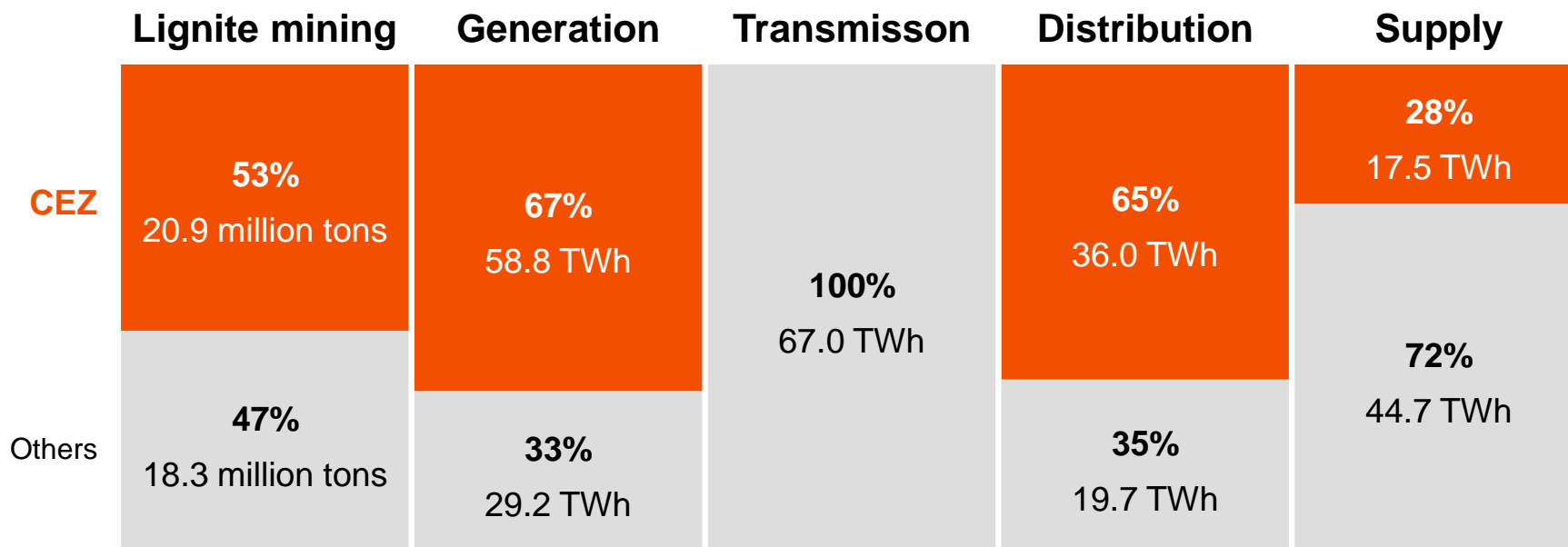
FUTURE OF THE GENERATION PORTFOLIO IN CENTRAL EUROPE

CEEP 28.11.2019, BRUSSELS

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ČEZ

ACTIVITIES IN THE CZECH REPUBLIC – CEZ



- CEZ fully owns the largest Czech mining company (SD) covering 71% of CEZ's Lignite needs
- Remaining 3 coal mining companies are privately owned

- Other competitors are individual IPPs

- The Czech transmission grid is owned and operated by CEPS, 100% owned by the Czech state

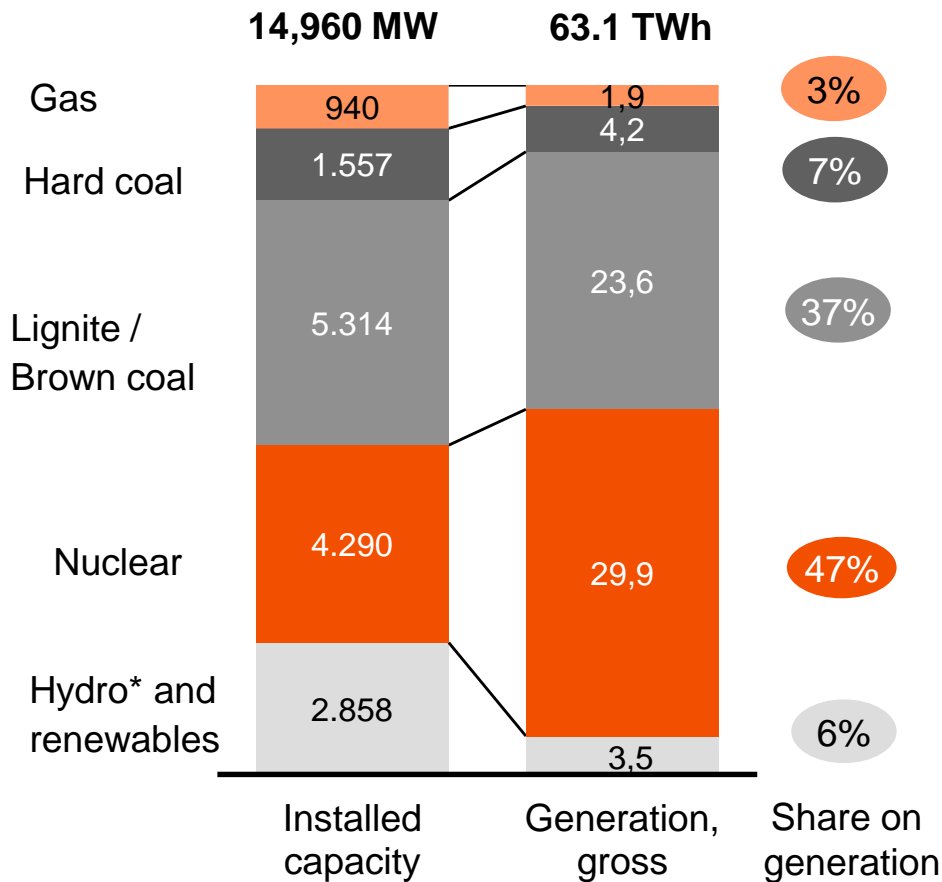


- Other competitors – E.ON, PRE (41% held by EnBW), Bohemia Energy, Innogy, Centropol Energy

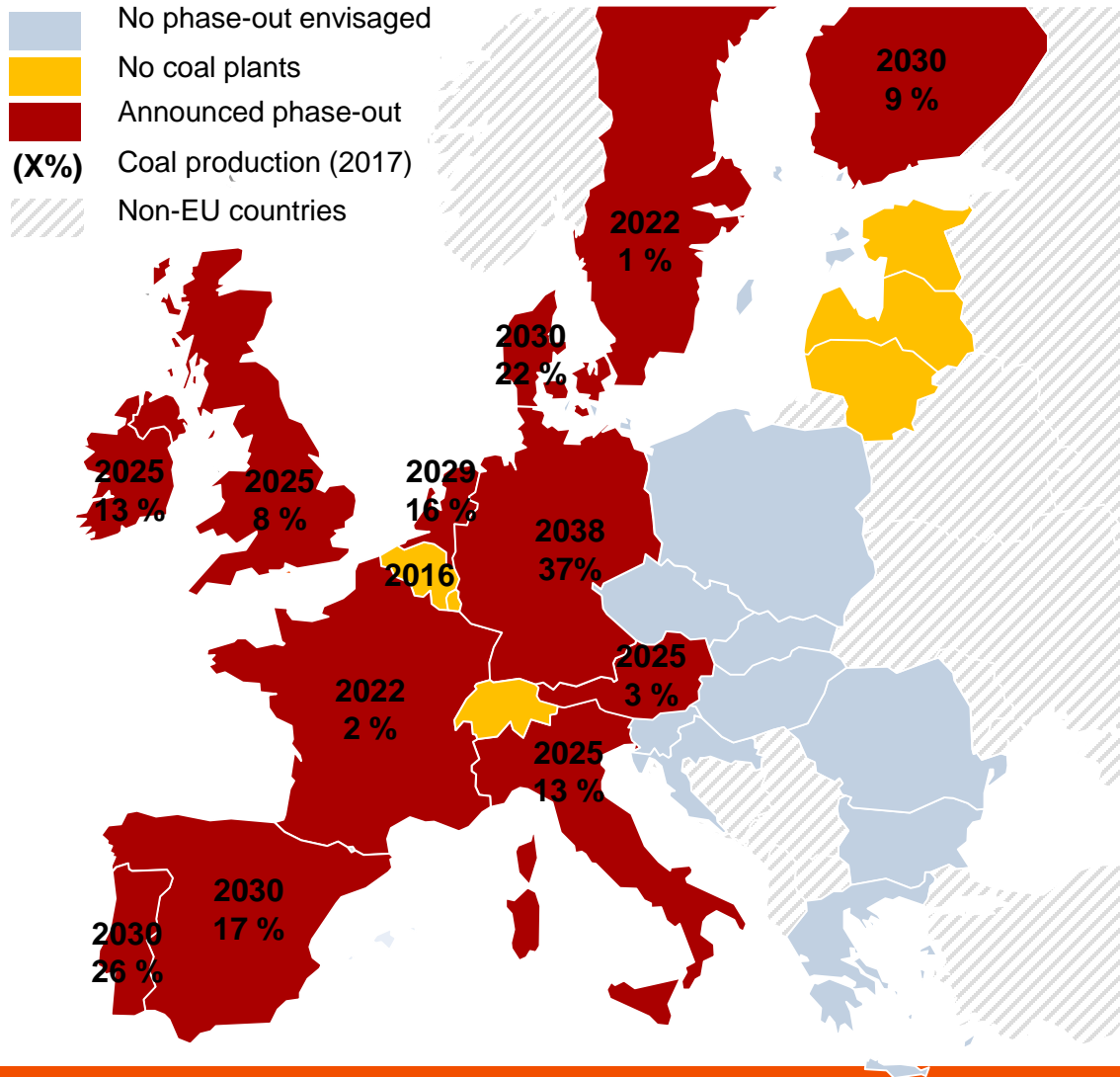
CEZ FLEET IN THE CZECH REPUBLIC



Installed capacity and generation (2018)



LANDSCAPE IS CHANGING – COAL PHASE-OUTS, GREEN DEAL, CLIMATE MOMENTUM



- Announced phase outs decrease coal capacity in Western Europe by more than 70 GW
- Those plants were emitted almost 250 Mt CO₂ (more than 14 % of total emissions covered in EU ETS)
- Phase-outs significantly influence a balance of allowances (if not used or cancelled)
- Coal countries will not make a blocking minority in the Council
- Most important player will be Germany, a largest coal consumer both in terms of the volume as well as ration among phase-out countries

THE CZECH REPUBLIC AND COAL PHASE-OUT



- **Establishment of a dedicated commission was reported to UN Sec.**
- **The coal commission is delegated to prepare:**
 - Draft of a plan of the phase-out
 - Draft of implementing legislation
 - Proposal for a compensation scheme for producers/affected regions
- **New nuclear is a prominent solution for the Government**
- **Non-burning renewables can be also a part of solution as they do phase out coal on the basis of merit order curve**
 - Similar geographical conditions to those in DE, especially for photovoltaics, make this scenario likely.

CEZ IS COMMITTED TO GENERATE CARBON NEUTRAL POWER BY 2050, WITH 50% REDUCTION IN INSTALLED COAL CAPACITY



BY 2025

Coal fired power plants will be gradually closed

- Coal fired power plants currently represent 46% of capacity and 44% of generation volume in 2018 and their revenues are less than 20% of total
- Coal fired capacity will decrease by half from 7.8 GW in 2016 to 3.9 GW by 2025

CEZ is expanding its footprint in renewables

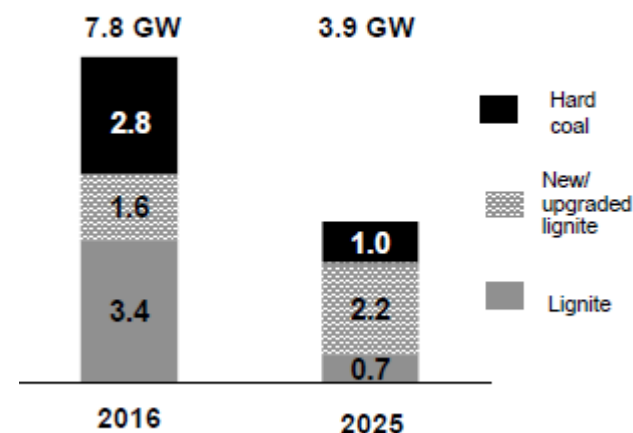
- CEZ's strategy focuses on power generation capacity growth in renewables expanding its currently running 1700 MW renewable generation capacity

CEZ Group has reduced CO2 emissions by 43% since 2007

- In 2018 CEZ generated more than half of its electricity at zero-emission facilities

CEZ Group made a commitment to generate carbon neutral electricity before 2050

Expected development of installed capacity in coal (GW)



CHALLENGES AHEAD



- **Different starting points**
- **Just Transition – how to get it right?**
- **Sustainable finance/taxonomy and regulatory framework**



THANK YOU FOR YOUR
ATTENTION!

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