

Ensuring future sustainability

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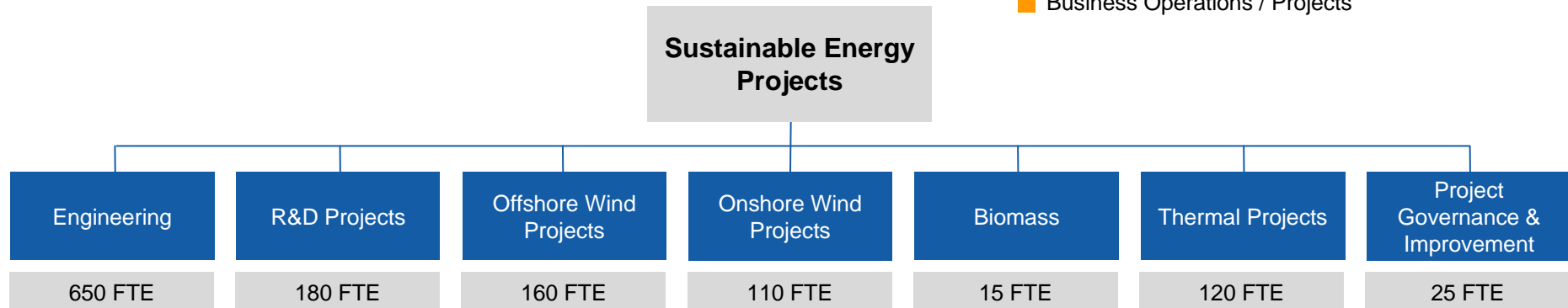


BD Sustainable Energy Projects

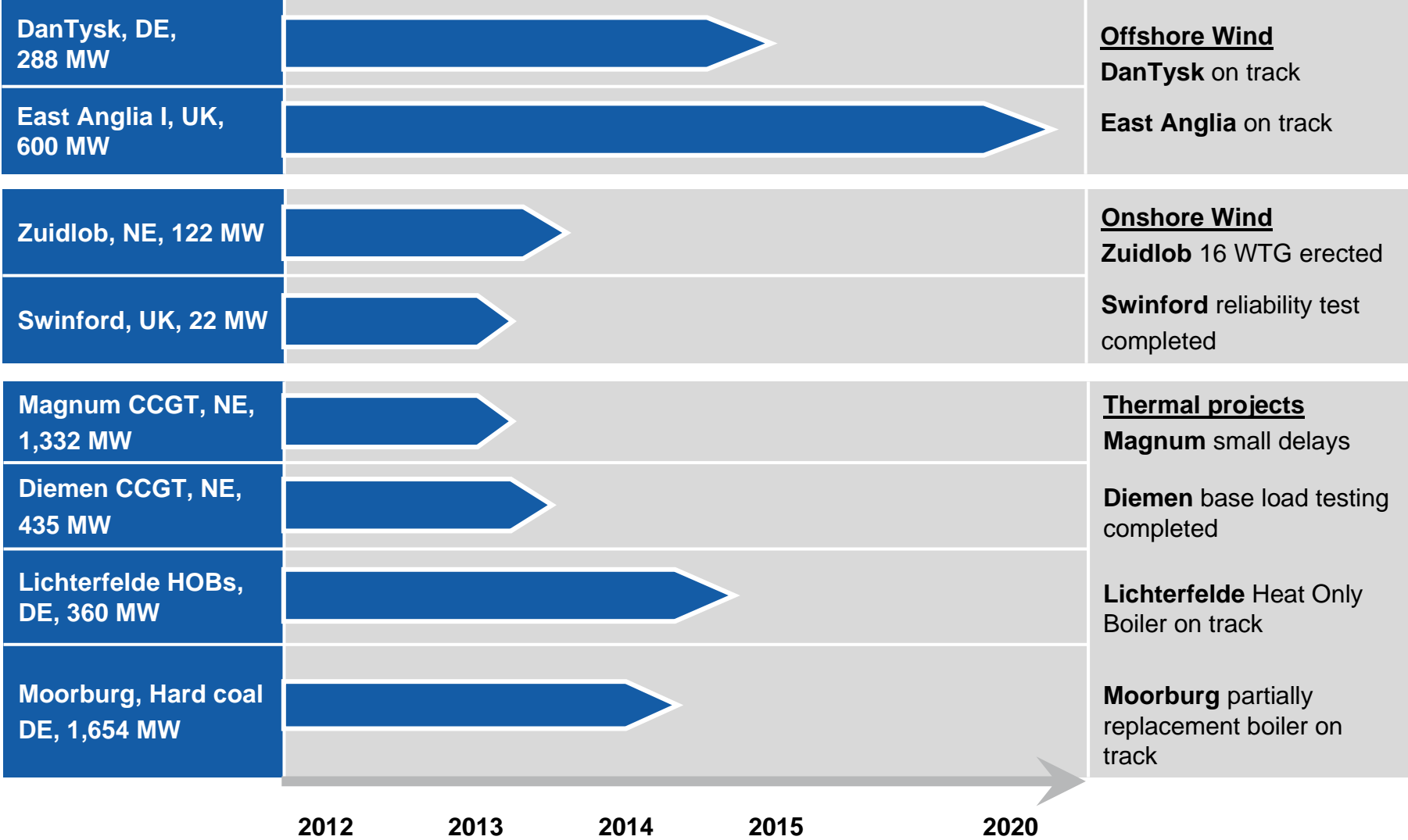
BD Sustainable Energy Projects is paving the way for Vattenfall's growth in sustainable energy and it will enable us to bring together the experience and best practice of energy development projects in the company.

Key figures:

- Projects under construction: 10
- Projects under development: 60
- Number of employees: 1,350



Our major projects



Focus areas contributing to a sustainable energy future

R&D Projects	<ul style="list-style-type: none">• Manage R&D portfolio focusing on business value creation and reduction of CO₂ footprint
Offshore wind projects	<ul style="list-style-type: none">• Secure offshore growth options in this emerging industry• Retain key resources (competence retention) for competitive advantage
Onshore wind projects	<ul style="list-style-type: none">• Expand and capitalise on onshore development efforts across all active markets to realise synergies• Implement partnership strategy to accelerate growth
Thermal projects	<ul style="list-style-type: none">• Deliver the agreed projects safely within budget, on schedule and according to specification by excellent project development and execution
Biomass	<ul style="list-style-type: none">• Updating the Biomass strategy based on latest market developments
Engineering	<ul style="list-style-type: none">• The BU Engineering is in a transformation phase. Deployment of engineering resources will be aligned with changed business demands
Project Governance & Improvement	<ul style="list-style-type: none">• Systematic independent review of all projects at key decision points

Our main activities and achievements during 2012

- Almere Heat pipe line under the IJmeer (NL) was taken into operation in April
- Ormonde wind farm (UK, 150 MW) was officially inaugurated in September
- Hemweg 9 gas fired plant (NL, 435 MW) was taken into operation in November
- A solution was found for the T-24 boiler material which is currently being executed
- During 2012, planning phase for 6 projects was finalised:
 - Hjuleberg wind park (SE, 28 MW)
 - Bajlum wind park (DK, 15 MW)
 - Forst Briesnig I wind park (DE, 13 MW)
 - Heat Only Boilers Berlin Lichterfelde (DE, 360 MW_h)
 - Co-firing Berlin Moabit (DE)
 - Life time extension of the 'Blast Furnace Gas'-fired Velsen plants (NL)
- Operational excellence: Further improvements in feasibility analysis resulted in more efficient and effective tendering, substantially reducing OPEX and CAPEX
- R&D Projects: Reshaped the portfolio more towards sustainable energy

Future challenges and main focus areas

The industry is faced with serious challenges:

- Scarcity in the market for biomass
- Regulatory uncertainty around CO₂ reduction targets and support schemes in EU
- Continuous pressure from overcapacity, low prices and low margins
- Profitability and project portfolio are impacted by this bearish market outlook and related financial constraints

However our commitment to reduce our CO₂ exposure and grow in renewable energy is unchanged

For BD Sustainable Energy Projects this requires:

- Stronger prioritisation in the project portfolio, with focus on profitability and environment
- Alignment of R&D and Engineering capacity to changing business demands
- Capitalization of economies of scale in Wind project development
- Further improvement of Operation Excellence in project execution