



## **Speech delivered by Kurt Rohrbach**

### **Vice Chairman and Representative of the Minority Shareholders in Grande Dixence SA Official event held on April 30, 2010**

*Only the spoken version shall be authentic*

Ladies and Gentlemen,

As representative of the minority shareholders in Grande Dixence AG– not to be confused with representative of small shareholders – I am proud to witness with you the reinstatement of the Cleuson Dixence plant. Minority shareholders, as the name implies, usually play a background role. But by no means did they take a back seat when it came to deciding to restore the plant and get to grips with the work involved. On the contrary: they supported the project from the outset and their representatives in Cleuson Dixence Construction SA played a not insignificant role in the plant's renovation.

The minority shareholders Axpo, IWBasel and BKW Energie AG have a stake of around 30% in the Cleuson Dixence complex, corresponding to a capacity of just under 400 MW.

Even if energy production is in our blood – and here I speak for all Cleuson Dixence shareholders – and even preparing for investment decisions is our core business, the decision to reinstate the plant after the accident was not an easy one. Not only did it necessitate an accurate analysis of the technical and structural conditions; it also called for close scrutiny of the economic parameters. And this was only shortly there was talk of NAI (non-amortisable investments) in power plants in view of a Europe-wide surplus.

The construction phase saw energy prices rise strongly again, only to fall to a less comfortable level shortly ahead of the re-opening. Nevertheless, we firmly believe in this plant. Thanks to its ability to generate carbon-neutral peak load electricity, we are well-placed for the future.

Euphoria aside, however, there are still some questions and issues to be resolved. Energy transport alone could take up a full evening's discussion. Two facts cannot be ignored: first, the biggest and best plant in the world would still be useless if it were unable to transport the energy it generates; and second, only high-voltage lines are currently capable of transporting such quantities. All other solutions have so far proved unrealistic.

Another issue is the prevailing uncertainty surrounding charges on hydropower. Hydropower is being weighed down by charges such as G-components for feed-in, water rates, taxes, et cetera. With the regulator and policymakers constantly coming up with new ideas for additional taxes, the price of hydroelectricity is continually being driven up.

Cleuson-Dixence is an ideal illustration of the sometimes immense risks associated with building and managing hydroelectric power plants. So far the owners have done nothing but plough investments into the plant, and it will be some time yet before its starts paying its way.

Hydroelectricity traditionally enjoys a good reputation among the general public. And the majority supports a reasonable degree of expansion. As a result, it has been possible to carry out the repairs on this plant without too much hassle. Elsewhere we are continually encountering opposition, and numerous appeals are being lodged against new projects, particularly for small hydroelectric power stations. Larger hydroelectric power plant projects are also opposed by nature, landscape and biodiversity conservationists. Yet herein lies a paradox: because the opponents of such projects are the very groups who so vehemently campaign for 100 percent carbon-neutral electricity production. It's up to them to solve their dilemma.

We must do everything we can to sustain our ability to draw on a domestic, carbon-neutral supply of hydroelectricity, which accounts for a not insignificant part – i.e. 60% - of our power supplies and enables us to remain relatively flexible and self-sufficient. In the longer term, however, we expect hydroelectricity production to reduce slightly, due on the one hand to legal requirements to increase residual water volumes and on the other hand to climate change. Global warming will result in less frequent but more intensive precipitation, which in turn will present our plants with additional problems. We will not be able to utilise such enormous volumes, which means we will need additional large power plants in order to meet the growing demand for energy. And that includes nuclear power stations, which also produce carbon-neutral electricity. In this regard Switzerland is on the right track, even if the target remains a long way off.

But such concerns should not stop us from enjoying today's celebrations and witnessing the repowering of Cleuson-Dixence. I hope you all enjoy the event.