

IN CONVERSATION WITH PETER TERIUM Chief Executive Officer of RWE AG



Peter Terium, CEO of RWE AG

Mr Terium, in December 2015 you announced a strategic realignment of the RWE Group. What exactly are you intending to do?

TERIUM: We are bundling renewable energies, grids and distribution in a new company and taking it to the stock exchange. This will give us a platform for growth with direct access to the capital market. We are planning to increase the capital for the new company by the end of 2016 through the issue of new shares by around 10%. The new money is going to finance further growth in future markets. RWE AG will remain a majority shareholder in the new company over the long term and also concentrate on conventional electricity generation and energy trading.

You have repeatedly highlighted the fact that RWE is not splitting up, but that everything will be happening under a single Group roof.

Does this mean that it will be business as usual and nothing is going to change – apart from the fact that new money is flowing into the coffers?

TERIUM: No, things are certainly not going to continue as before – irrespective of the structure we move into the future with. Our business framework alone is much too dynamic for this. Both of our Group segments can now approach their future challenges even more strategically. Developing and selling digital products, tailoring distribution grids to match the energy transition and designing energy concepts for growing metropolises – this is rather different from operating conventional large-scale power plants and trading in raw materials.

Is it the case that in future there will be a sustainable and a non-sustainable RWE?

TERIUM: That would be too simple. In future, both of these companies will be needed to provide a sustainable energy supply. Conventional power plants will continue to be indispensable for security of supply. They have to generate electricity when renewable energies are not available. Both parts of RWE are also an important factor for the regional economy as an employer and purchaser. We take social responsibility at our locations. All RWE companies remain committed to our conceptual understanding of sustainability as it is defined in the principles of the UN Global Compact.

Aren't there nevertheless different issues in the individual companies?

TERIUM: Yes, there are differences. Let's take climate protection. The reduction of CO₂ emissions from our own power plants remains the most important function if we are to become more sustainable. This is no longer an issue for the new company – ultimately we generate electricity there primarily from wind energy and hydropower. This leads to other issues. How do we also ensure that our customers and our suppliers alike improve their individual CO₂ footprint too? What incentives can we apply and which innovative solutions are we able to offer for this?

„RWE is one of the most important players in the energy transition“

What solutions are you thinking of there?

TERIUM: One example: We are currently testing a prototype for a product called Consenze. This stands for Connected Sensors. Consenze empowers all the production companies to identify the electricity consumption of different plants quickly and to make processes more efficient. This is achieved by an array of small sensors providing data from the operating sites. In future, Consenze will even control the energy consumption of machines and heating systems fully automatically. This saves money and effort at our industrial and commercial customers, as well as helping the climate.

The countries at the Paris Climate Summit in December 2015 set ambitious targets. How does the climate footprint at RWE look for the past year?

TERIUM: We are satisfied. All the important indicators in our climate footprint are pointing in the right direction. In 2015, we produced more electricity than in 2014. However, we also reduced our CO₂ emissions at the same time – both for per generated unit of electricity and in absolute terms. We have carried out a number of measures in order to achieve this – e.g. with the construction of the two new offshore wind farms Nordsee Ost and Gwynt y Môr.

For many years, the focus of RWE was almost exclusively on Europe. In the meantime, your employees are now also working in other regions – for example in the Arabian Peninsula. Will RWE be seeking its fortune in new markets?

TERIUM: Western and Central Europe remains our core area. However, we are also looking at other countries and regions, such as Turkey, the Middle East and North Africa, the so-called MENAT region. We have ambitious targets there for restructuring the energy supply. Our know-how is in demand in these markets – for the expansion of renewable energies and for the management of energy systems.

How are you going to convince customers in these regions to work together with RWE?

TERIUM: When we constructed Gwynt y Môr we proved that we have the capability to roll out major projects. Building the wind farm took up more than nine million working hours – half of this time was spent on the water, sometimes under extremely adverse weather conditions.

Is good project management enough of a reason for doing business?

TERIUM: Gwynt y Môr is not just a symbol of good management. The project has also demonstrated that we have harnessed the complex technologies necessary for the energy system of the future. RWE is one of the most important players in the energy transition. We are developing a new infrastructure for grids, storage facilities and control technologies in order to systematically convert an industrial country to renewable energies.