

Press release

RWE responds to proposed UK Government 'Cost-Plus Revenue Limit'

- **RWE voices concern over 'Cost-Plus Revenue Limit' proposed by UK Government.**
- **Revenue Limit proposal should be applied to ensure UK attracts essential investment required to deliver net zero ambitions.**
- **Imperative that proposed Revenue Limit does not interfere with wholesale market**

Swindon, 10:30pm, 11 October 2022

RWE plays a key role in helping achieve the UK's net zero ambitions, which represents one of our most strategically important markets, and has reacted with disappointment at the Government's decision to implement a revenue limit (the "Cost-Plus Revenue Limit") on low-carbon technologies.

Tom Glover, RWE UK Country Chair, said: "RWE understands that this is a very difficult time for energy consumers and businesses, and we have fully supported Government efforts to help with energy bills. However, we are disappointed that the Government has chosen to implement a revenue cap (the "Cost-Plus Revenue Limit") on low-carbon technologies.

Effectively, a cap is a de-facto 'windfall tax' on low-carbon generators that, if not designed and implemented correctly, could have severe negative consequences for investment in the renewable and wider energy market and so for the energy transition.

RWE continues to believe that voluntary CfDs are the most efficient and investor-friendly mechanism to 'de-link' the electricity price from the marginal gas price, and that these could be implemented relatively quickly. We therefore welcome that the government will legislate for powers that allow them to consider this further, and look forward to working with government and the rest of the industry to implement these to help provide consumers with more stable prices for a longer period than envisaged by the temporary revenue cap."

He continued, "We welcome that the government will consult on the Cost-Plus Revenue Limit proposals, and we will work constructively with them to minimise any adverse consequences that could arise as a result of a revenue cap. It is critical that any cap is applied in such a way that does not severely impact on investor confidence and maintains the UK electricity sector as an attractive place to invest, given the estimated £90bn required by 2030 to make the UK more

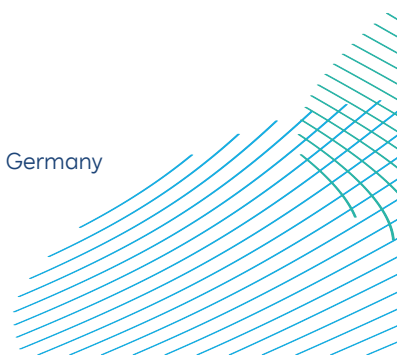


energy independent and to achieve net zero. Furthermore, it is important the cap does not interfere with the efficient functioning of the wholesale market given the potential security of supply challenges we are facing in the UK this winter.”

Commenting further Tom Glover said, “Given that the government should be prioritising low carbon investment over fossil fuels, we would urge the UK government to ensure that this effective windfall tax is no worse than that faced by the oil and gas sector (under the Oil and Gas Levy).

Further, in order to maintain the UK’s attractiveness as a place to invest, the cap should be set at the same or higher level than the equivalent maximum revenue cap proposed by the European Commission (€180/MWh). Finally, we welcome that the revenue cap is planned to be temporary and note that the EU cap is expected to last no more than 6 months (from 1 October 2022).”

RWE is at the forefront of green innovation and is committing to investing £15 billion in the UK in green energy projects by 2030.





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RWE

RWE is leading the way to a green energy world. With an extensive investment and growth strategy, the company will expand its powerful, green generation capacity to 50 gigawatts internationally by 2030. RWE is investing more than €50 billion gross for this purpose in this decade. The portfolio is based on offshore and onshore wind, solar, hydrogen, batteries, biomass and gas. RWE Supply & Trading provides tailored energy solutions for large customers. RWE has locations in the attractive markets of Europe, North America and the Asia-Pacific region. The company is responsibly phasing out nuclear energy and coal. Government-mandated phaseout roadmaps have been defined for both of these energy sources. RWE employs around 19,000 people worldwide and has a clear target: to get to net zero by 2040. On its way there, the company has set itself ambitious targets for all activities that cause greenhouse gas emissions. The Science Based Targets initiative has confirmed that these emission reduction targets are in line with the Paris Agreement. Very much in the spirit of the company's purpose: Our energy for a sustainable life.

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