

Press release

German Offshore electricity for medium-sized industrial companies

- **Commerzbank and RWE sign Memorandum of Understanding**
- **Planned construction of joint offshore wind farm with a capacity of around 1 gigawatt**
- **'Green Mittelstand Fund' to give medium-sized enterprises access to green electricity production**
- **German Wind Energy at Sea act: Tender conditions need to be improved to make them more attractive**

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The idea is as innovative as it is reasonable: RWE and Commerzbank plan to create a 'Green Mittelstand Fund' to give medium-sized industrial companies in Germany access to green electricity generated by offshore wind plants. The two companies have signed a Memorandum of Understanding (MoU) to this effect.

The new fund will offer these companies for the first time the opportunity to secure green electricity through long-term power purchase agreements (PPAs). Up to now, it has mainly been large industrial customers who have been able to sign such long-term power purchase agreements with large-scale green electricity projects. The medium-sized companies are offered two options as part of this fund: On the one hand, they can participate directly in the planned offshore wind farm with equity. On the other hand, they can secure long-term green electricity via a PPA and thus achieve their decarbonisation targets. Both options can also be combined.

The planned wind farm is to have an installed capacity of around one gigawatt (GW). The companies want to apply for a seabed for the wind farm within the framework of future tenders, in accordance with the planned amendment to the German Wind Energy at Sea act. These auctions are expected to take place in 2023. RWE plans to hold 51 percent of the shares in the wind farm, the remaining 49 percent are to be offered to interested medium-sized companies by Commerzbank via the 'Green Mittelstand Fund'. RWE will develop, build and operate the wind farm.

The company will commit to making the power generated there available to medium-sized companies. Commerzbank, on its part, plans to make green electricity directly available to its customers from the German 'Mittelstand', i.e. medium-sized companies. On the one hand, this is to take place via individual financing and credit solutions for the equity investments of medium-sized companies in the offshore wind farm. On the other hand, the concept offers the possibility to purchase green electricity from the wind farm via PPAs starting with a tranche corresponding to a capacity of 5 megawatts – tailored to the electricity needs of medium-sized companies.

“The ‘Mittelstand’ is what makes the German economy a success. With this innovative solution, we want to give these companies in particular access to green electricity production from offshore wind turbines and thus contribute to financing the energy transition in Germany”, explains Michael Kotzbauer, Member of the Board of Managing Directors, Corporate Clients at Commerzbank. “What is particularly attractive here is that our concept also offers investment opportunities in offshore wind that meet the electricity demand of medium-sized industrial companies.”

German Wind Energy at Sea act to be amended to enable real transformation

Germany needs enormous amounts of green electricity to be climate neutral by 2045. The amendment to the German Wind Energy at Sea act therefore provides expansion targets to be increased and seabed for offshore wind to be brought forward to at least 70 GW by 2045. In order to take advantage of industrial policy-related opportunities and make Germany a top location for investment in renewable energies, speed is required, as well as a clear focus on supporting the economy in switching to climate-friendly production. To this end, the majority of green electricity from offshore wind must find its way into industry and the medium-sized enterprises of the German ‘Mittelstand’.

Ulf Kerstin, Chief Commercial Officer Offshore Wind of RWE, emphasises: “Green electricity at competitive prices is the pledge of a sustainable industrial nation with a strong tradition of the ‘Mittelstand’. Our concept opens up great opportunities for this because it can support companies and the energy transition. However, the amendment to the legislation should be modified in such a way that it really does give a boost to the transformation of Germany as an industrial location because electricity from offshore can be offered at competitive prices.”

One prerequisite for this is to dispense with the negative bidding component, which the current draft law provides for, when designing the bidding conditions for offshore wind turbines on so-called non-pre-surveyed areas. This bid component would make green electricity unnecessarily more expensive for German companies, which are already facing record high energy prices. There is also a need for improvements in the criteria for the award procedure. They should be chosen in such a way that they allow differentiation between the bids and at the same time serve the overriding goal of providing green electricity in a smart and system-serving way.

For further enquiries:

Dennis Bartel
Head of Media Relations Personal und
Technologie
Commerzbank AG
T +49 69 136 26528
M +49 172 203 11 10
E dennis.bartel@commerzbank.com

Matthias Beigel
Head of Media Relations National
RWE AG
T +49 201 5179 5008
M +49 152 54 53 55 07
E matthias.beigel@rwe.com

Commerzbank

Commerzbank is the leading bank for the German Mittelstand and a strong partner for around 28,000 corporate client groups and around 11 million private and small-business customers in Germany. The Bank's two Business Segments – Private and Small-Business Customers and Corporate Clients – offer a comprehensive portfolio of financial services. Commerzbank transacts approximately 30 per cent of Germany's foreign trade and is present internationally in almost 40 countries in the corporate clients' business. The Bank focusses on the German Mittelstand, large corporates, and institutional clients. As part of its international business, Commerzbank supports clients with German connectivity and companies operating in selected future-oriented industries. Following the integration of Comdirect, private and small-business customers benefit from the services offered by one of Germany's most advanced online banks combined with personal advisory support on site. Its Polish subsidiary mBank S.A. is an innovative digital bank that serves approximately 5.5 million private and corporate customers, predominantly in Poland, but also in the Czech Republic and Slovakia. In 2021, Commerzbank generated gross revenues of some €8.5 billion with around 46,500 employees.

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 €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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