

# **E.ON due diligence report**

## **I Company Information**

### **A. Overview**

The E.ON Group (hereafter referred to as “E.ON” or “the Group”) describes itself as the world’s largest investor-owned power and gas company. Headquartered in Düsseldorf, Germany, the Group has operations in Europe, Russia, and the US that include the entire power and gas chain, from electricity and heat generation and gas production to energy imports to distribution and customer sales.

E.ON was formed in June 2000 by the merger of VEBA and VIAG, two previously state-owned German industrial enterprises. The business subsequently grew through takeovers of other companies and the establishment of new subsidiaries. Today it comprises E.ON AG (headquarters) and at least 86 wholly owned subsidiaries, partly owned subsidiaries, and associated companies in almost 30 countries in Europe and North America. These are organized geographically or functionally in 11 market units, with one subsidiary responsible for integrating and coordinating operations across the unit’s target market (see “E.ON Group structure” below).

The Group employs around 88,000 people and generated just under €9 billion in sales in 2007.

#### **Focus**

Integrated power and energy supplier

#### **Mission**

“To be valued by our customers for bringing competitive solutions, reliability, comfort, and convenience to their lives and businesses.”

#### **Vision**

“To be the world’s leading power and gas company”

#### **Corporate values**

Integrity, Openness, Trust and Mutual Respect, Courage, Social Responsibility

#### **Customers**

The Group has 30 million customers, including households, small and medium-sized businesses, industry, local public authorities, and regional supply companies.

## E.ON Group structure

Market Unit	Lead company	Main function
Corporate Center	E.ON AG (Germany)	Overall management of E.ON operations
Central Europe	E.ON Energie AG <sup>1</sup> (Germany)	Electricity generation; electricity transmission; electricity, natural gas, and heat distribution and sales; power trading <i>Operations in Germany, the Netherlands, Italy, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Switzerland</i>
Pan-European gas	E.ON Ruhrgas AG <sup>1</sup> (Germany)	Natural gas exploration, production, procurement, sales, transport, and infrastructure <i>Operations in Germany, Italy, Latvia, Lithuania, Hungary, Romania, Norway, UK, Finland, Switzerland, Russia, Slovakia</i>
UK	E.ON UK Plc. <sup>1</sup> (UK)	Electricity generation; energy trading; electricity and gas distribution and sales <i>Operations in the UK</i>
Nordic	E.ON Nordic AG <sup>1</sup> (Sweden)	Electricity and heat generation; electricity and gas distribution; electricity, gas, and heat sales; energy trading <i>Operations in Sweden, Finland, and Denmark</i>
US Midwest	E.ON US LLC <sup>1</sup> (US)	Electricity generation; electricity transmission; electricity and gas distribution and sales <i>Operations in Kentucky, US</i>
Italy	E.ON Italia <sup>1</sup> (Italy)	Electricity generation; electricity and gas distribution and sales <i>Operations in Italy</i>
Russia <sup>2</sup>	E.ON Russia Power (Russia)	Electricity generation <i>Operations in Russia</i>
Spain <sup>3</sup>	E.ON España (Spain)	Electricity generation and distribution <i>Operations in Spain</i>
Energy Trading <sup>3</sup>	E.ON Energy Trading AG (Germany)	European trading activities, including electricity, gas, coal, oil, and CO <sub>2</sub> allowances
Climate & Renewables <sup>2</sup>	E.ON Climate & Renewables GmbH (Germany)	Renewables and climate protection activities <i>Various global operations, including existing, being constructed, and planned power generation (onshore wind, hydroelectric, biomass, nuclear, tidal stream, wave, solar, and low CO<sub>2</sub> emission coal-fired power plants in Europe and the US), biogas, and CO<sub>2</sub> compensation</i>

<sup>1</sup> Has shareholdings in other companies; see market unit sections at [www.eon.com/en/unternehmen/2097.jsp](http://www.eon.com/en/unternehmen/2097.jsp) for a list of major shareholdings. Some individual market unit websites (mostly available through this same website section) provide a full list of shareholdings.

<sup>2</sup> New in 2007

<sup>3</sup> New in 2008

## **Market position**

In 2007 the Group described itself as:

- #1 in power and gas sales in Central Europe
- #1 in gas supply in Europe
- # 1 in power generation in Kentucky, US
- # 1 in power and gas sales in Kentucky, US
- # 2 in power generation in Central Europe
- # 2 in power generation in the UK
- # 3 in power and gas sales in the UK
- # 3 in power sales in the Nordic region
- # 4 in power generation in the Nordic region
- the world's 7th-largest wind-farm operator

It also describes:

- E.ON Wasserkraft, a wholly-owned subsidiary of E.ON Energie, as Germany's leading generator of renewable energy (more than 130 hydroelectric power plants on the Danube, Inn, Isar, Main, Lech, Eder, Diemel, Fulda, Werra, Weser, and Leine rivers)
- E.ON Kernkraft, a wholly-owned subsidiary of E.ON Energie, as Europe's largest privately-owned nuclear-energy company (11 nuclear power plants)
- E.ON Kraftwerke, a wholly-owned subsidiary of E.ON Energie, as Germany's largest conventional generator of electricity (more than 30 coal, gas, oil, and biomass-fired power plants)
- E.ON Netz, a wholly-owned subsidiary of E.ON Energie, as one of Europe's largest privately-owned electric transmission network operators

## **Presence in international sustainability indices and funds<sup>1</sup>**

E.ON is present in the following indices:

- ASPI - Advanced Sustainable Performance Indices
- Dow Jones Sustainability Index (DJSI) EURO STOXX
- DJSI EURO STOXX ex. Alcohol, Tobacco, Gambling, Armaments & Firearms
- DJSI STOXX, DJSI STOXX ex Alcohol, Tobacco, Gambling, Armaments & Firearms
- DJSI World.

E.ON is a top ten holding in the following funds:

- Aberdeen Global - Responsible World Equity Fund
- BankInvest - BI SICAV Global Equities SRI
- CAAM Funds Euro SRI - C
- DVG Stiftungsfonds
- DWS Bildungsfonds
- GKD-Fonds
- iShares DJ EURO STOXX Sustainability 40 (DE)
- KBC ECO Climate Change
- KCD-Union Nachhaltig Aktien
- PANDA LUX SICAV - PANDA Vermögensmanagement DJE

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<sup>1</sup> Source: [www.sustainable-investment.org](http://www.sustainable-investment.org)

- Pioneer Funds - Global Ecology (Activest Lux Eco Tech)
- Postbank Dynamik Vision
- SAM Sustainable European Equity Fund
- SEB Ethical Europa Fund
- Vontobel Fund Global Trend New Power Tech A1

## B. Energy-related information

### Gas and electricity sales

In 2007, gas sales were 1,212.5 billion kilowatt hours (kWh) and electricity sales were 470.8 billion kWh. These were divided amongst the five main market units as follows:

Market	Gas	Electricity
Central Europe	10.4%	66.5%
Pan-European gas	75.1%	–
UK	13.0%	16.5%
Nordic	0.4%	9.5%
US Midwest	1.1%	7.5%

### Energy sources<sup>2</sup>

#### Coal

In 2007, coal-fired power plants accounted for 36% of E.ON's generating capacity and 44.5% of generated electricity. They used 44.8 million tons of coal, supplied from the US (44.4%), Russia (13.6%), South Africa (10.5%), Germany (9.7%), Great Britain (8.5%), Colombia (8%), Poland (2.2%), Indonesia (1.3%), Norway (0.9%), and Australia (0.9%).

While the generation capacity from coal-fired plants is planned to decrease to around 30% by 2015, the total amount of electricity generated from coal will increase. Nine new coal-fired power plants are currently under construction or planned in Europe and the US, representing about 40% of planned new capacity. In addition, there are plans to replace old coal-fired power plants with more efficient plants that also include capacity for carbon capture and storage (CCS).

#### Nuclear

Nuclear power plants accounted for 21% of generation capacity and 32.4% of generated electricity in 2007. The plants used 26.6 million tons of uranium and plutonium. No information was found on where this fuel came from.

The generation capacity from nuclear power plants is planned to decrease to around 12% by 2015, with the total amount of electricity generated from nuclear power also decreasing slightly. This planned

<sup>2</sup> Percentages for planned new capacity calculated from data at [www.eon.com/en/unternehmen/23475.jsp](http://www.eon.com/en/unternehmen/23475.jsp) plus the one new nuclear power station mentioned under "Nuclear"; does not include new capacity through acquisitions of existing power plants

decrease in total electricity generated from nuclear power is presumably due to current government plans to decommission all nuclear power plants in Germany by 2020. The Group plans to build a 1,500-2,000MW nuclear power plant in Finland, which represents about 8% of planned new capacity, and two new plants in the UK, as well as . E.ON is also exploring the building of new plants in other countries where nuclear power is being reconsidered as an option, and plans to upgrade existing nuclear power stations. It is additionally lobbying for the lifespan of Germany's aging nuclear reactors to be extended, rather than be decommissioned as currently planned. The Group's generation capacity from nuclear power will presumably change if such changes to government policy occur and E.ON upgrades existing, or builds new, plants.

### ***Natural gas and oil***

Gas- and oil-fired power plants accounted for 29% of generation capacity and 12% of generated electricity in 2007. The plants used 6.9 million tons of gas (including LPG) and 1.1 million tons of oil. No information was found on where oil and gas for electricity generation came from.

At least 11 new combined cycle gas turbine plants are under construction or planned in Europe, accounting for around 38% of planned new capacity. The Group is also systematically replacing out-dated gas-fired plants. The generation capacity from oil- and gas-fired plants will increase to 40% by 2015.

The Pan-European gas market unit (which does not use gas to generate electricity) procured natural gas from suppliers in Germany, the UK, Russia, Norway, the Netherlands, and Denmark.

### ***Hydropower***

Hydroelectricity plants accounted for 12% of generation capacity and 9.2% of generated electricity in 2007. Generation capacity from hydropower is expected to decrease to around 7% by 2015. Plans exist to increase the efficiency of existing hydropower stations rather than develop new facilities.

### ***Wind, biomass, biogas and other renewable sources<sup>3</sup>***

Renewables accounted for 2% of generation capacity in 2007, with wind power plants accounting for 0.4%, waste-fired power plants for 0.7%, and "other renewables" (including solar photovoltaic and geothermal plants) for 0.1% of generated electricity. Biomass-fired power plants used 0.3 million tons of biomass. No information was found on the type of biomass used or where it was sourced from, except for a mention that waste fuels include sewage sludge, mature stand, pulp sludge and biogenic waste such as animal meal.

New renewable energy plants under construction or planned in Europe and the US account for around 14% of planned new capacity. By 2015, renewables (not including hydro) are planned to account for 7% of generation capacity. This increase is planned to come primarily through increased wind and biomass capacity. E.ON is also investing in, developing, and/or constructing wave, tidal stream, and biogas-fired power plants, as well as solar heating and heat pumps.

### ***Bought electricity***

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<sup>3</sup> Figures for renewable energy sources in E.ON literature are sometime separated into each energy source, and sometimes given together as "renewables"

In 2007, E.ON's power stations supplied 49% of the total electricity required by the Central Europe, UK, Nordic, and US Midwest market units. The rest was procured from jointly owned power plants and outside sources. No information was found on the fuel mix of these sources.

### **Future investments**

The Group plans to invest €60 billion through to 2010 to expand its business. The main objectives are:

- building technologically advanced, climate-friendly generating units in Europe, Russia, and North America
- establishing a generation position in Spain, Italy, and France
- expanding the renewables business worldwide, particularly in wind power
- enlarging the gas production portfolio and strategic gas infrastructure (gas transport pipelines, LNG terminals, gas storage reservoirs)
- entering adjacent markets (Russia, Turkey, southeastern Europe).

€2 billion is earmarked for building new power plants, including coal-fired power plants, €6 billion for developing renewable energy sources, and €3 billion for natural gas production in the North Sea and Russia. The Group is also investing in new technologies, including carbon capture and storage, storage of electricity generated from renewable energy sources, more efficient coal-fired power stations, biogas, wave power, and natural gas heat pumps.

## II CSR Information<sup>4</sup>

### A. Overview

E.ON says that it views corporate responsibility as equal measures of “social engagement and environmental protection, climate protection, provision of safe and attractive workplaces, security of supply and a dependable contribution to the national economies of the countries in which [it] is located”.<sup>5</sup>

The Group has made public commitments to corporate and social responsibility as well as to reducing CO<sub>2</sub> emissions and other environmental impacts, which are explained to various degrees on market unit websites and in corporate publications. It has made a number of efforts in the last couple of years to put CSR policies into place. For example, in 2007: a revised and clarified employee Code of Conduct came into force; key principles required for establishing a responsible procurement policy were approved and incorporated into general purchasing terms; a groupwide health and safety strategy was approved; and a commitment to reduce specific CO<sub>2</sub> emissions was made, detailed below.

The Group often presents itself in terms of renewable energy and its commitment to the environment. For example, the homepages of the corporate website ([www.eon.com](http://www.eon.com)) and many other market units (Central Europe (E.ON Energie), UK (E.ON UK), Pan-European Gas (E.ON Ruhrgas), US Midwest (E.ON US), and Climate & Renewables) make prominent mention of the environment and the climate. This is usually in conjunction with E.ON’s development of renewable energy sources; the homepage of E.ON Ruhrgas says that gas is “good for the climate and the environment”. The Spain and Russia market units do not mention the environment on their homepages, but feature a picture of wind turbines and solar panels, respectively.

### B. Sustainable development policies and strategies

- The E.ON corporate website mentions that the Group is developing an **environment and climate protection guideline** that, once approved by the board (expected in 2008), will be mandatory in all market units. It says that climate protection covers activities to reduce greenhouse gas emissions and increase energy efficiency and CO<sub>2</sub>-free electricity generation, and that environmental protection will address operational environmental protection, including environmental management systems, as well as biodiversity and ocean protection.

The website also mentions the E.ON **Health & Safety Environment Management System**, which sets behavior guidelines and groupwide minimum standards for health, safety and the environment. This is perhaps the guideline mentioned above. No copy of this was found; however the website says it is a groupwide system that defines areas of responsibility, processes and reporting pathways for managing environmental protection. It also says E.ON’s environmental protection data is harmonized and clearly documented, and that E.ON has groupwide standards for environmental management which are based on the ISO 14001 or European Eco-Management and Audit Scheme (EMAS) standard.

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<sup>4</sup> Unless otherwise specified, the information in this section refers to E.ON at a corporate level

<sup>5</sup> [www.eon.com/en/downloads/E.ON\\_CR\\_US.pdf](http://www.eon.com/en/downloads/E.ON_CR_US.pdf)

- E.ON UK has an *Environmental Policy Statement*<sup>6</sup>; however it simply states a commitment to reducing E.ON's impact on the environment and does not give any specific targets or areas of action.
- E.ON UK also has a *Biodiversity Statement*<sup>7</sup> which outlines specific actions to protect biodiversity, including undertaking conservation initiatives and implementing site-specific biodiversity action plans.
- Announced in 2007, E.ON's *climate protection strategy* has a target to reduce specific CO<sub>2</sub> emissions (i.e., grams CO<sub>2</sub> per generated kilowatt hour) by at least 50 percent by the year 2030, compared to 1990 levels. The strategy has five key areas:
  - expanding renewables capacity
  - enhancing the thermal efficiency of conventional power plants
  - deploying CCS technology in coal-fired power plants
  - increasing investments in the research and development of climate-friendly technologies
  - playing a greater role in championing nuclear power

The Group says it factors climate-protection considerations into all operational and strategic decisions, and evaluates all significant capital investments and acquisitions for their impact on its carbon footprint. (see also "Environmental performance: CO<sub>2</sub> emissions", below)

- Approved in 2007, E.ON's *Responsible Procurement Policy*<sup>8</sup> requires all business partners and suppliers to minimize their environmental impact by:
  - developing and implementing an environmental policy
  - operating in compliance with all applicable laws and regulations regarding environmental protection
  - managing hazardous materials to ensure their safe handling, movement, storage, reuse and disposal, and minimizing their use when less hazardous alternatives are available
  - minimizing resource use, waste, and emissions.

The Group uses RightShip Vetting Services, an independent and internationally recognized ship vetting specialist, to ensure that it only contracts ships that meet certain minimum safety, employment and environmental standards for transporting coal from supply countries.

- A groupwide **environmental conference** is held every two years to help further climate protection in the Group.<sup>9</sup>

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<sup>6</sup> [www.eon-uk.com/images/EnvironmentalPolicyStatement.pdf](http://www.eon-uk.com/images/EnvironmentalPolicyStatement.pdf)

<sup>7</sup> [www.eon-uk.com/images/E\\_ON\\_UK\\_A5\\_Biodiversity\\_Statement.pdf](http://www.eon-uk.com/images/E_ON_UK_A5_Biodiversity_Statement.pdf)

<sup>8</sup> [www.eon-procurement.de/common/downloads/1107\\_EON\\_Procurement\\_Policy.pdf](http://www.eon-procurement.de/common/downloads/1107_EON_Procurement_Policy.pdf)

<sup>9</sup> <http://www.eon.com/en/unternehmen/8547.jsp>

## C. Voluntary initiatives and certifications

E.ON is a member of, or involved in, several voluntary codes, initiatives, and groups aimed at responsible practices and sustainable development. These include the Global Reporting Initiative, the UN Global Compact, the World Business Council for Sustainable Development, the World Energy Council, Combat Climate Change (3C), and econsense (the Forum for Sustainable Development of the German Economy). It is one of 153 business signatories to a 2007 statement (“Caring for Climate: The Business Leadership Platform”) that calls on governments to agree as soon as possible on measures to secure workable and inclusive climate market mechanisms after 2012, when the Kyoto Protocol expires.

The UK, Nordic and Pan-European Gas market units are all ISO 14001 certified. The Central Europe market unit meets the ISO 14001 standard as well as some EMAS requirements. The US Midwest market unit has no facilities with certified environmental management systems, however E.ON says these and other facilities operate with an environmental management system which is compliant with certification standards.

## D. Stakeholder engagement

E.ON states that it takes stakeholder dialogue very seriously<sup>10</sup>.

### Suppliers

E.ON has a procurement policy specifying that all business partners and suppliers must respect human rights, minimize environmental impact (see “Sustainable development policies and strategies”, above), and maintain high standards of business ethics and integrity. The policy states that E.ON will work with these parties to achieve or improve compliance in these areas.

In 2007, E.ON UK carried out third-party social and ethical factory audits relating to four potentially high-risk suppliers, including a number of potential suppliers in China. No information was found on why these suppliers were high risk or what the results were, except that the audits “had a positive impact on workers’ conditions, management attitudes and approaches to Health and Safety”.

### Customers

Different subsidiaries and market units offer services and programs to help customers use energy more efficiently. For example, the UK, Nordic and US Midwest market units offer services to help businesses find ways to reduce energy use and carbon emissions. The homepage for E.ON US has prominent links to information on saving energy; some other websites (E.ON Energie, E.ON UK, and E.ON Nordic) have similar information, but it is buried and not so easy to find. E.ON UK works with Age Concern to help older people make best use of their energy.

All of E.ON’s energy retail subsidiaries offer special tariffs to customers for electricity from wind, hydro, biogas and solar power plants.

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<sup>10</sup> See for example page 17 of the 2007 E.ON *Corporate Responsibility Report*; [www.eon.com/en/downloads/E.ON\\_CR\\_US.pdf](http://www.eon.com/en/downloads/E.ON_CR_US.pdf)

### **Civil society and university groups**

E.ON provides financial support for basic energy research at universities in Germany, the UK, the US, and Sweden. The Group's research initiative will invest around €60 million in international energy research projects until 2016.

Different E.ON subsidiaries also work with various civil society groups. E.ON UK, for example, works with environmental groups, social welfare groups, and other charities<sup>11</sup>.

### **Communities**

The Group has a strategy for community involvement (the strategy was not found on their website).

Different E.ON subsidiaries and operations run visitor centers and scheduled meetings for the local community; engage local communities in dialog on planned new infrastructure and operations; and sponsor various community programs and events including cultural and sporting events; education programs for children, and programs to help children.

### **Employees**

Some E.ON subsidiaries run programs to raise environmental awareness among employees. E.ON UK, for example, has commissioned UK charity Global Action Plan to help employees reduce their impact on the environment.

### **Wider industry**

E.ON is influencing the way energy is produced, distributed and used across Europe through industry groups and through influencing EU policy developments.

## **E. Environmental performance**

### **CO<sub>2</sub> emissions**

E.ON emitted 121.3 million metric tons of CO<sub>2</sub> in 2007, mostly from its coal-, natural gas-, and oil-fired power plants but also through running other power plants, distribution, transport, and non-operational activities (offices etc). CO<sub>2</sub> emissions increased by 8.6 million tons compared to 2006, due to increases in electricity generation and a rise in the percentage of coal-fired generation.

### ***Power plants***

E.ON was responsible for 0.44% of the 27.7 billion metric tons of CO<sub>2</sub> emissions released globally in 2007 through the combustion of fossil fuels.

Overall, the Group has reduced its specific emissions (grams CO<sub>2</sub> per kilowatt hour electricity generated) by about 30% since 1990, from 720 grams CO<sub>2</sub>/kWh to 500 grams CO<sub>2</sub>/kWh in 2007. Specific emissions have particularly fallen from 2000 due to efficiency- enhancement measures, the sale or closure of inefficient power plants, and the expansion of renewables capacity.

Note that these figures are overall Group figures: specific emissions for individual market units varied hugely, from 940 grams CO<sub>2</sub>/kWh (US Midwest, where 99.5% of electricity is generated from fossil

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<sup>11</sup> see [www.eon-uk.com/about/ngo.aspx](http://www.eon-uk.com/about/ngo.aspx)

fuels) to 10 grams CO<sub>2</sub>/kWh (Nordic, where only 3.2% of electricity is generated from fossil fuels). The only market unit which seems to have made significant reductions to specific emissions since 1990 is E.ON UK, and these reductions occurred before E.ON UK was part of the E.ON Group<sup>12</sup>.

In 2007, E.ON set a target of further reducing specific emissions to 360 grams CO<sub>2</sub>/kWh by 2030 (see “Sustainable development policies and strategies”, above). Note that while this strategy will reduce the amount of CO<sub>2</sub> released per kilowatt hour electricity generated, actual emissions may still increase by 2030 if generation capacity increases enough.

To achieve this target, the group is investing in renewable energy sources and more efficient coal- and gas-fired power plants. The Group is aiming for more than half of its energy mix to be CO<sub>2</sub>-free by 2030, through nuclear power, coal-fired power generation with carbon capture and storage (CCS), and renewable energies. E.ON is working to develop CCS technology; all new coal-fired plants will be ready for carbon capture and storage (CCS); and by 2020 all new coal-fired plants are intended to be equipped with CCS. The remainder of the energy mix will have reduced CO<sub>2</sub> emissions through more efficient coal- and gas-fired power plants “incorporating the best available technology”. For example, three new coal-fired plants planned for Germany and the Netherlands will have high thermal efficiency (over 45%, compared to the EU average of 36%) and emit 20% less CO<sub>2</sub> than typical coal-fired power plants. The Group also says it is examining the possibility of retrofitting existing coal-fired power plants with cogeneration technology.

The target will also be met by participation in mechanisms and climate protection funds that earn carbon emission reduction credits (see “Offsets and credits”, below).

### ***Distribution***

E.ON UK is investing £1.2bn to 2010 to refurbish and renew its distribution network, to help reduce electricity losses in distribution.

### ***Transport***

No corporate policy on CO<sub>2</sub> emissions from transport was found.

E.ON UK has committed to reducing the CO<sub>2</sub> emissions of its vehicle fleet by 20% in 2008. It is improving the fuel efficiency of its operational fleet and has implemented a policy that limits CO<sub>2</sub> emissions from company cars to no more than 165 g/km. It is also replacing older, less efficient vehicles in its commercial fleet with new ones and testing the installation of speed limiters, which can improve fuel efficiency by 1.5-2.5%.

### ***Non-operational activities***

The E.ON corporate website says that the Group is taking various measures to reduce its carbon footprint across the entire organization, including by: enhancing building energy efficiency; using distributed generation technology (small-scale alternatives to large power plants, such as heat pumps, micro wind turbines, and small-scale combined heat and power systems); minimizing business travel; and increasing environmental awareness among employees.

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<sup>12</sup> See [www.eon.com/en/unternehmen/21445.jsp](http://www.eon.com/en/unternehmen/21445.jsp)

E.ON UK has made the most progress in this. In 2006 and 2007 the market unit had a target of reducing CO<sub>2</sub> emissions per employee by 10% each year, which it beat (12% in 2007 and 17% in 2006). The target for 2008 is 12%. E.ON UK has undertaken energy audits to determine what office improvements could reduce energy use, and electricity for its offices comes from renewable sources. Two subsidiaries in the Central Europe market unit, E.ON Energie and E.ON Moldova, are also raising environmental awareness amongst their employees.

### ***Emissions trading***

During each year of phase two of the EU Emissions Trading Scheme (2008-2012), E.ON estimates to be allocated allowances of about 55 million metric tons of CO<sub>2</sub>. In 2007, E.ON was allocated allowances equal to 76 million metric tons of CO<sub>2</sub>. This is a significantly lower amount than E.ON power plants involved in emissions trading emitted in 2007 (87.5 million metric tons), and means that E.ON will have to purchase additional allowances.

### ***Offsets and credits***

E.ON offsets a portion of CO<sub>2</sub> emissions through carbon offset projects, such as Joint Implementation Projects and Clean Development Mechanisms under the Kyoto Protocol. The Group says it doesn't participate in projects involving industrial gases (such as HFC-23) or projects that promote a reduction in emissions through the use of biofuel which is currently thought to have negative impacts on the environment (e.g., palm oil).

E.ON is also currently involved in two climate-protection funds that earn certified emission reductions: the EUR455 million Greenhouse Gas Credit Aggregation Pool and the KfW Bankengruppe's EUR80 million climate protection fund.

### **Other air emissions**

No specific corporate policy or targets for non-CO<sub>2</sub> emissions from power plants was found.

The E.ON corporate website says that the Group aims at reducing SO<sub>2</sub> emissions. These fell by around 3% between 2005 and 2007, to 235.6 kilotons, mainly due to switching to low-sulfur coal at E.ON UK's Ironbridge, Ratcliffe and Kingsnorth power stations and the full-year deployment of improved flue-gas desulphurization equipment in the Central Europe market unit. E.ON says it is continually reducing its SO<sub>2</sub> emissions in the US as part of the Acid Deposition Control Program.

NO<sub>x</sub> emissions were reduced by 4% between 2005 and 2007, to 143.5 kilotons, despite a rise in energy generation. This was primarily due to the launch of a catalytic converter at the Maasvlakte power plant (E.ON Benelux) as well as improvements made to other plants.

E.ON US has reduced SF<sub>6</sub> emissions by more than 15% relative to 2005.

The E.ON corporate website says the Group aims to keep dust emissions from power plants as low as possible. These were reduced by around 7% between 2005 and 2007, to 7.7 kilotons. However, part of this reduction seems to be due to corrections arising from the introduction of new measuring methods.

## **Waste**

The E.ON corporate website says that preventing waste has priority over recycling and disposing it; however no specific corporate policy or targets for waste were found.

### ***Nuclear waste***

In 2007, E.ON Energie and E.ON Nordic (the lead subsidiaries of the two market units which operate nuclear power plants) generated 3,632 tons of low-level and intermediate-level radioactive waste and 281 tons of high-level radioactive waste. According to Greenpeace, E.ON is the second-largest producer of Europe's high level nuclear waste, being responsible for 8% of this.<sup>13</sup>

Some of E.ON Nordic's low-level radioactive waste is recycled into non-radioactive material. Another portion is transported to the Simpevarp peninsula for disposal. Intermediate-level radioactive waste is encased in concrete and transported by ship to Forsmark where it is placed in a final storage facility operated by SKB (the Swedish Nuclear Fuel and Waste Management Company, a joint venture company owned by E.ON Nordic and other Swedish nuclear power station operators that is responsible for managing Sweden's radioactive waste). High-level radioactive waste (e.g., spent fuel rods) is stored for 30 years in the CLAB intermediate storage facility in Oskarshamn. Plans call for this waste to be transferred to SKB's final storage facility beginning in 2018. Currently, SKB is studying potential sites for the final storage facility. Under SKB's plan, high-level radioactive waste will be placed in copper canisters five meters in length and inserted into holes bored into granite about 500 meters below the Earth's surface. The transfer of radioactive waste from Sweden's nuclear power stations must also meet strict security standards designed to prevent sabotage, terrorist attacks and the theft of nuclear waste.

No information was found on nuclear waste disposal by E.ON Energie.

### ***Other solid waste***

In 2006, E.ON established uniform groupwide definitions for all types of solid waste. Definitions of hazardous waste are based on EU and US government definitions, and all other types of waste are classified as non-hazardous.

The Group produced over 4,500 kilotons of hazardous waste in 2007, 70% of which could be recycled.

The Central Europe, UK and US Midwest market units recycle a large portion of the byproducts of coal combustion and flue-gas scrubbing, particularly ash and gypsum which can be used by the building materials industry. The recycling quota for ash and slag increased from 60% to 80% in 2007 compared to 2006, while gypsum recycling remained at over 95%. E.ON US also provides some of its coal ash to reuse projects. For example, 820,000 metric tons of environmentally safe coal ash was used as back-fill for a community green space in Kentucky.

E.ON UK recovers and recycles all packaging. This market unit is registered as a producer of Electrical and Electronic Equipment (EEE), and is a member of the Valpak Distributor Take back Scheme, meaning that it pays its share of the costs for the recycling of Waste Electrical and Electronic Equipment (WEEE) at local waste management facilities. E.ON UK has also procured waste contracts which will increase the proportion of office waste being recycled, and commissioned the charity Global Action Plan to help reduce office wastage.

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<sup>13</sup> [www.greenpeace.org/raw/content/international/press/reports/WhosePower.pdf](http://www.greenpeace.org/raw/content/international/press/reports/WhosePower.pdf)

## **Water**

E.ON says that because water is readily available at its power stations, reducing water intake has a lower priority than other environmental protection issues, but that nevertheless the Group makes sure water is used wisely.

E.ON's largest usage of water by far is for cooling power plants. The water is either drawn from a nearby river or body of water or is part of a closed-loop system. Water is also used to produce steam; 95-99% of this is recondensed and used again. Water is additionally used for applications like desulphurization.

The Group's consumption of process water (the amount of water used for electricity production, minus cooling water) in 2007 was 106.4 million m<sup>3</sup>.

## **Biodiversity**

The E.ON corporate website says that the Group is in the process of defining groupwide guidelines for biodiversity which are expected to be place in 2008. It says E.ON is careful to preserve and protect the natural environment at all facilities and in all construction projects, and that if it proves impossible to maintain nature and landscape integrity then the Group generally undertakes offsetting and replacement measures. The focus is on three types of nature conservation: landscape, waterway and bird protection.

E.ON UK already has a biodiversity policy (see "Sustainable development policies and strategies", above), and a pilot project is being carried out by E.ON Nordic.

E.ON UK<sup>14</sup>, E.ON Nordic, and E.ON US<sup>15</sup> run local conservation programs based around their power plant sites. For example, E.ON Nordic worked with stakeholders to find a solution that allows salmon and other fish to migrate past three hydropower plants in Sweden's Mörrumsån River, and E.ON US set aside more than 100 acres of ecologically sensitive land (wetlands and bottomland woods) as a nature reserve at its Trimble County Generating station.

## **Renewable energy power plants**

The E.ON *2007 Corporate Responsibility Report* acknowledges that renewable energy sources are subject to criticism (such as biomass crowding out food production, and wind power affecting birds and sensitive marine systems). The report says that E.ON commissions scientific studies on the potential ecological consequences of offshore projects, and that the Group strives to operate and build its facilities in a way that has least possible impact on nature and local residents. However, neither specific environmental policies nor information on environmental performance were found for renewable energy power plants.

## **Environmental incidents**

E.ON says that its environmental incidents are extremely rare. In the last three years, E.ON Group had only a single significant environmental incident that triggered a 24-hour reporting requirement. The incident involved dust emissions from a solid-waste combustion plant while it switched from waste-

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<sup>14</sup> See [www.eon-uk.com/about/biodiversity.aspx](http://www.eon-uk.com/about/biodiversity.aspx) for more information

<sup>15</sup> See [www.eon-us.com/environment\\_biodiv.asp](http://www.eon-us.com/environment_biodiv.asp) for more information

fired to oil-fired operation in 2005. It also says that as in previous years, there were no International Nuclear Event Scale (INES) incidents at E.ON facilities in 2007.

## **F. Occupational health and safety**

In 2007, E.ON approved a groupwide health and safety strategy and reestablished the Occupational Health and Safety department within the Corporate Responsibility (CR) division at Corporate Center. Business units also implemented the minimum standards for organizing occupational health and safety measures; in 2008, these standards will be summarized in a mandatory groupwide guideline. Occupational health and safety falls under the E.ON Health, Safety and Environment Management System (see “Sustainable development policies and programs”, above).

E.ON states that its market units have had lower accident rates than regional competitors for many years. The Group’s Lost-Time Injury Frequency index value has dropped year on year since 2004.

### **Accidents (2007)**

- A natural gas pipeline ruptured and exploded in Germany; no one was injured
- Three Romanian customers died due to gas network leakages and incorrect handling of gas products
- 13 workplace fatalities, nine of which were employed by third-parties working on E.ON’s behalf

## **G. Reporting on corporate responsibility**

E.ON first published a corporate responsibility report in 2004. The 2007 *Corporate Responsibility Report*<sup>16</sup> is available on the corporate website (www.eon.com). Prepared according to Global Reporting Initiative standards, it covers all subsidiaries and power plants in which E.ON is a majority owner. However, very little actual data is provided, and there is no indication of performance compared to previous years. More detailed information and data are provided on the corporate website (www.eon.com/en/unternehmen/2028.jsp)

The E.ON UK *Corporate Responsibility Review 2007*<sup>17</sup> provides more detailed information on progress towards meeting set CR targets for this market unit. Reports are available online back to 2001.

E.ON Nordic has published a *Climate Balance Sheet* since 2004. The 2007 report<sup>18</sup> provides information on energy and heat production, CO<sub>2</sub> emissions, and carbon footprint, and contains some targets. E.ON Nordic has also published an environmental/corporate responsibility report since 1996. The *CSR Report 2006*<sup>19</sup> provides little concrete information.

No corporate responsibility reports were found for E.ON Energie, E.ON Ruhrgas, E.ON US, E.ON Italia, E.ON Espana, or E.ON Russia Power.

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<sup>16</sup> www.eon.com/en/downloads/E.ON\_CR\_US.pdf

<sup>17</sup> http://www.eon-uk.com/images/CRReview2007.pdf

<sup>18</sup> http://www.eon.se/upload/eon.se/dokument/om\_e.on/miljo/miljoredovisningar/EOCO0355\_eng\_RGB96\_sfs.pdf

<sup>19</sup> http://www.eon.se/upload/eon.se\_english/dokument/Reports/CSR/who\_cares[1].pdf

Websites for all eleven market units have a section on environment and/or responsibility; these vary in the amount of detail provided.

### **Positive external views of E.ON's CSR policies and reports**

- Global Reporting Initiative: gave the *E.ON 2007 Corporate Responsibility Report* an A+ rating
- Dow Jones Sustainability Rating: E.ON was listed in the Dow Jones Sustainability Index (DJSI) in 2007
- Accountability Rating<sup>20</sup>: in 2007 E.ON was ranked 16 amongst the Fortune Global 100, a rise of eight places compared to 2006 (and a rise of 49 places compared to 2005)
- Advanced Sustainable Performance Index: E.ON was entered into ASPI Eurozone® Index in 2007
- Storebrand<sup>21</sup>: Norwegian financial service provider Storebrand declared E.ON a "Best in Class" company in 2007 for its sustainability performance
- Good Company Ranking: E.ON ranked 37 in the 2006 and 2007 Good Company Ranking in "Manager Magazine", which assesses the performance of 120 of the largest European companies (a climb of 23 places compared to 2005)

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<sup>20</sup> [www.accountabilityrating.com/](http://www.accountabilityrating.com/)

<sup>21</sup> [www.storebrand.no/site/stb.nsf/Enter/forsideenglish.html](http://www.storebrand.no/site/stb.nsf/Enter/forsideenglish.html)

### III Media and stakeholder analysis

#### A. General and news internet queries

Many general internet query results were E.ON websites, and most news internet query results were from the UK press. Many news articles focused on general E.ON business activities, including financial data, earnings, share price, and general business dealings. A few positive articles were found, mostly relating to new renewable energy plants in the UK. However the majority of articles were negative, relating to mainly to a new coal-fire power plant planned in the UK and recent gas and electricity price rises. A few articles were also found on issues that could generate negative press in the future, such as plans to build new nuclear power plants.

The articles are grouped by topic in Annex . Note that only neutral articles relating to power generation are included.

##### *Positive /neutral articles*

- Biomass operations
- Offshore wind farms
- Other

##### *Negative articles*

- New coal-fired power plant at Kingsnorth, UK  
E.ON is planning to demolish its coal-fire power plant at Kingsnorth and replace it with one that is 20% more efficient and built with the capacity to retrofit carbon capture and storage (CCS). The plant will be the first new coal-fire power plant to be built in the UK in nearly 24 years. A week-long “climate camp” protesting the new plant was held in August 2008, attracting around 1,000 protestors. Just afterwards, six Greenpeace activists arrested in 2007 for damage to a smokestack on the existing plant argued in court that they had a lawful excuse for damaging the power station in order to prevent the far greater damage from global warming. The jurors agreed and the activists were acquitted of causing criminal damage. The plant has attracted media attention throughout the year, most recently due to the protests and court case. It has also been referred to in opinion editorials arguing against continued use of coal and uncertainties over carbon capture and storage.
- Other protests against E.ON
- Other coal- and CO<sub>2</sub>-related articles
- Nuclear energy
- Offshore wind farms
- Gas and electricity price rises  
E.ON UK (and other utilities) raised gas and electricity prices sharply in August, the second price rise this year, due to an increase in wholesale costs. This prompted debate in the UK parliament over new taxes on energy companies to help the poor. The government finalized a £1bn package of new funding and measures to tackle fuel poverty, which will be funded by power suppliers including E.ON. There is continuing debate over a windfall tax on energy companies. Both the price rises and the debate over the windfall tax, fuel aid, and fuel poverty received a lot of press coverage.
- Regulatory issues

- Employee issues
- Other

Articles on issues that could receive negative press in the future

- New nuclear power stations  
E.ON is planning, or would like to plan, new nuclear power plants in several European countries, and is actively urging governments to go ahead with these.
- Other

## **B. Queries to watchdog, sustainable development, and NGO websites**

### *Positive statements/reports*

- A **2008 Friends of the Earth UK press release** welcomed E.ON's announcement that it is submitting a planning application for the Humber Gateway wind farm, one of the UK's biggest offshore wind farms. ([www.foe.co.uk/resource/press\\_releases/plans\\_for\\_major\\_offshore\\_w\\_04042008.html](http://www.foe.co.uk/resource/press_releases/plans_for_major_offshore_w_04042008.html))
- A **2006 Friends of the Earth UK press release** welcomed the UK government's decision to grant offshore planning permission to the London Array windfarm in the Thames Estuary, the world's largest windfarm. E.ON is one member of the consortium behind the windfarm. ([www.foe.co.uk/resource/press\\_releases/green\\_light\\_for\\_worlds\\_big\\_18122006.html](http://www.foe.co.uk/resource/press_releases/green_light_for_worlds_big_18122006.html))
- In 2005, E.ON was one of eight UK energy companies that joined **Friends of the Earth and Greenpeace** in sending a letter to the UK government demanding action on climate change by taking advantage of the current review of the UK Climate Change Programme to embrace the "bold and practical policy framework" required "in order to move to a low-carbon future". ([www.foe.co.uk/resource/press\\_releases/energy\\_companies\\_join\\_gree\\_29072005.html](http://www.foe.co.uk/resource/press_releases/energy_companies_join_gree_29072005.html))

### *Negative statements/reports*

- A **2008 WWF-UK report, *How ready is capture ready?***, says that "carbon capture ready" means very little to coal-fired power stations now being considered in the UK, citing E.ON's plans to build new plants at Kingsnorth. The report cautions that a "capture ready" label legitimizes a 'build now, capture later' mindset, with eventual CCS retrofit highly uncertain if there is no legal requirement to do so. It also points out that for Kingsnorth, where E.ON is planning a new coal-fired power plant, the estimated price of £1.1 billion for a retrofit means that the price of carbon would have to be £127 per tonne – 3-4 times higher than the predicted price under carbon trading – to make the retrofit profitable relying on market measures alone. ([www.panda.org/news\\_facts/index.cfm?uNewsID=134321](http://www.panda.org/news_facts/index.cfm?uNewsID=134321))
- A **2008 Greenpeace article** describes activist actions at E.ON's Maasvlakte plant in the Netherlands, where the company plans to build a new coal-fired power plant. Greenpeace won an injunction halting the construction from going ahead because E.ON does not have an operating license for the plant, only a construction permit. On 19 March, 100 Greenpeace activists celebrated

the E.ON-sponsored “national tree day” by planting thousands of trees on the proposed site for the new power plant. ([www.greenpeace.org/international/news/Vattenfall-Eon-trees080319](http://www.greenpeace.org/international/news/Vattenfall-Eon-trees080319))

- A **2008 Greenpeace article** describes the trial of six Greenpeace activists accused of causing criminal damage to a smokestack at E.ON’s Kingsnorth plant in the UK. The activists are arguing that it was lawful for them to damage the chimney in order to protect other property in Kent (where Kingsnorth is located) and around the world at the risk of much more serious damage from climate change caused to a large degree by coal-fired power stations. The activists called on Professor James Hansen, one of the world’s leading climate scientists and Director of the NASA Goddard Institute for Space Studies, to give evidence on the threat posed by Kingsnorth coal-fired power station to the world’s climate. ([www.greenpeace.org/international/news/climate-kingsnorth-trial050908](http://www.greenpeace.org/international/news/climate-kingsnorth-trial050908))
- A **2008 WWF-Germany briefing paper, *Windfall profits of German electricity producers in the second phase of the EU Emissions Trading Scheme (2008-2012)***, criticizes European power companies for receiving windfall profits under the EU’s Emissions Trading Scheme, as they receive emission allowances for free, but pass the extra costs of CO<sub>2</sub> emissions on to customers. The report says that E.ON will earn about €1 billion in this way. ([www.panda.org/about\\_wwf/what\\_we\\_do/climate\\_change/publications/index.cfm?uNewsID=143383](http://www.panda.org/about_wwf/what_we_do/climate_change/publications/index.cfm?uNewsID=143383))
- A **2008 Friends of the Earth UK press release** responds to E.ON’s price rises, saying “The shocking price hikes this summer are nothing short of a national disaster that will leave more than five million households unable to afford to heat their homes this winter.” ([www.foe.co.uk/resource/press\\_releases/energyprice\\_210808.html](http://www.foe.co.uk/resource/press_releases/energyprice_210808.html))
- **Stopgreewash.org, a Greenpeace US campaign**, criticizes the American Coalition for Clean Coal Electricity (ACCCE) for running a major PR campaign promoting clean coal as the solution to US energy independence, saying in reality they are a front group for an industry lobby aimed to keep dirty coal plants in existence. E.ON is a member of the ACCCE. ([www.stopgreenwash.org/casestudy\\_abec](http://www.stopgreenwash.org/casestudy_abec))
- A **2007 Greenpeace article** describes activist actions at the Kingsnorth plant in the UK, saying that the new planned plant “would emit as much carbon dioxide as the world’s 24 lowest emitting countries combined. Worse, it could keep pumping out emissions for another 50 years. And it will only be 45 percent efficient, in an age when power stations can reach 95 percent efficiency. E.ON, the German group behind the plan for the new coal plant, is Britain’s single biggest greenhouse gas polluter.”
- Three of E.ON’s coal-fired power plants appear in **WWF’s 2007 *Dirty Thirty*** ranking of the most polluting power stations in Europe. These are the Scholven plant in Germany (ranked #20) and the Ratcliffe and Kingsnorth plants in the UK (ranked #23 and #24, respectively; the Kingsnorth plant is slated for replacement). ([assets.panda.org/downloads/european\\_dirty\\_thirty\\_may\\_2007.pdf](http://assets.panda.org/downloads/european_dirty_thirty_may_2007.pdf))
- A **2007 article on the Covalence website**, reprinted from the International Herald Tribune, reports that Germany’s electricity companies blocked German chancellor Angela Merkel’s plans to reduce greenhouse gases by 40% by 2020, increase energy efficiency by an annual 3% and expand renewable energy. The article doesn’t name E.ON, but Covalence lists E.ON and other German power companies with the article.

- A **2006 Corporate Watch article** names E.ON as one European nuclear energy company funding the Nuclear Industry Association, the trade association for the UK's nuclear industry, which the article accuses as being central to a behind-the-scenes PR and lobbying campaign for new nuclear power stations in the UK. ([www.corporatewatch.org/?lid=2735](http://www.corporatewatch.org/?lid=2735))
- A **2005 Greenpeace report, *Whose power is it anyway?***, says that E.ON:
  - is one of the most untransparent utilities in Europe, not telling customers the source (nuclear or fossil fuel) of more than 40% of their electricity (the electricity that E.ON buys)
  - is one company trying to delay nuclear power phaseouts in Germany, Belgium, Spain, Slovakia and Sweden by extending the lifetime of their existing nuclear power plants, even though operating ageing reactors is a serious risk for public health and safety
  - does not give its total CO<sub>2</sub> emissions in its 2003 Annual Report, just direct emissions from burning fossil fuels. It says that nuclear power plants also create indirect CO<sub>2</sub> emissions of 30-40 grams per kilowatt hour from the fuel supply and equipment manufacture, but these emissions were not added to the company's overall CO<sub>2</sub> emissions (the report accuses the other top 10 power companies in Europe of doing the same thing).
  - has a long track record of fighting energy efficiency and renewable energy. It says that "since the opening of Germany's electricity market in April 1998, E.ON has tried to shut down gas-fired high efficiency co-generation plants from small utilities and private investors by dumping prices."
  - has a long tradition of fighting against the most successful laws in Europe to phase-in renewable energy. It says "since the very beginning, the company, under the name PreußenElectra (Veba) and Bayernwerk (VIAG), has fought against the renewable energy law with several court cases" (which it lost).
  - tries to block wind development in Germany by 'grid blockades', meaning that the wind turbine operators are forced to sign contracts which enables E.ON to shut down wind turbines in peak production and low demand situations.
  - has bought shares in several offshore-wind projects in Germany, but not supported the establishment of offshore-wind infrastructure, like grid connection.([www.greenpeace.org/raw/content/international/press/reports/WhosePower.pdf](http://www.greenpeace.org/raw/content/international/press/reports/WhosePower.pdf))
- A **2004 WWF opinion editorial**<sup>22</sup> by Jennifer Morgan, former WWF Climate Change Director, criticized the German industry lobby group BDI (Bund der Deutschen Industrie, of which E.ON is a member) for claiming that the EU's Emissions Trading Directive (which aimed to help EU member states start reducing CO<sub>2</sub> emissions from January 2005) would lead to job losses and relocation of some business outside the EU. Pressure from BDI led to the German environment ministry "caving in" and removing most barriers that industry was concerned about from the German National Allocation Plan, and basing the country's CO<sub>2</sub> cap on a previously agreed voluntary target. It goes on to say that E.ON is fighting the watered down version as it still did not allow unlimited growth of CO<sub>2</sub> emissions.
- **WWF's PowerSwitch! campaign**, which ran from 2003-2006, referred to E.ON (with other power companies) as one of the biggest climate polluters.  
([www.panda.org/news\\_facts/newsroom/index.cfm?uNewsID=7034](http://www.panda.org/news_facts/newsroom/index.cfm?uNewsID=7034))

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<sup>22</sup> I'm not sure if this is relevant, but for disclosure, I helped edit this article.

- A 2003 WWF report, *Impacts of Climate Policy on the Power Sector*, named E.ON as one of two European power companies most at risk from significant price increases for power production due to new regulations that make CO<sub>2</sub> emissions costly to polluters.  
([www.panda.org/about\\_wwf/what\\_we\\_do/climate\\_change/news/index.cfm?uNewsID=9750](http://www.panda.org/about_wwf/what_we_do/climate_change/news/index.cfm?uNewsID=9750))
- A 2003 Greenpeace report says that E.ON and other power companies are using EU funds intended for the decommissioning of nuclear power plants to finance expansion.  
([www.greenpeace.org/international/press/releases/greenpeace-calls-for-new-eu-ru](http://www.greenpeace.org/international/press/releases/greenpeace-calls-for-new-eu-ru))

#### *No search results*

- Greenwash Index ([www.greenwashingindex.com/index.php](http://www.greenwashingindex.com/index.php))
- SustainAbility ([www.sustainability.com](http://www.sustainability.com))
- Ethical Corporation ([www.ethicalcorp.com](http://www.ethicalcorp.com); several articles mention E.ON, but nothing specific is said)

## **IV Assessment of commitment to CSR**

E.ON presents itself as a responsible and transparent company, concerned about, and actively working for, the environment, the climate, its employees, and the communities in which it has operations. However, without talking to anyone from E.ON or organizations more familiar with the Group (such as WWF, Greenpeace, or Friends of the Earth) it is difficult to properly assess E.ON's commitment to CSR. It is also too early to assess implementation of the Group's new CSR policies as these only came into effect in 2007.

While different subsidiaries, particularly E.ON UK, have made concrete environmental improvements (such as improving energy efficiency and reducing non-operational CO<sub>2</sub> emissions) and appear to be actively engaged in biodiversity conservation and social issues, there are a few niggling points that could seem to question E.ON's commitment to transparency, the environment, and the climate:

- E.ON makes frequent reference to its investments in renewable energy sources. Nevertheless, renewables (excluding hydropower) are only planned to make up 7% the energy mix by 2015. It is impossible to judge targets for 2030 as renewables are put together with nuclear energy and hydropower to make up 50% of the planned CO<sub>2</sub>-free energy mix. However, the E.ON Energie website says: "... the sun, wind, biomass and biogas still account for a rather small portion of electricity generated and this will not change in the future..." This is despite other groups, such as WWF<sup>23</sup>, showing that renewables can mostly replace fossil fuels.
- E.ON reportedly said that new wind power plants need new coal-fired power stations as backup<sup>24</sup>.
- Biomass and wind power, the two renewable energy sources in which E.ON is investing most, have various environmental impacts; however, no concrete policies were found for limiting these. No

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<sup>23</sup> [www.panda.org/news\\_facts/newsroom/news/index.cfm?uNewsID=102400](http://www.panda.org/news_facts/newsroom/news/index.cfm?uNewsID=102400)

<sup>24</sup> [news.scotsman.com/latestnews/Coal-backup-for-wind-power.4442417.jp](http://news.scotsman.com/latestnews/Coal-backup-for-wind-power.4442417.jp)

mention was found either of the World Commission on Dams<sup>25</sup> recommendations and guidelines for dams (although this may not be relevant if the Group is not planning to build new dams for hydropower).

- E.ON buys about half its electricity, but no information was found on energy sources for this, or policies for sourcing this electricity.
- E.ON also makes frequent reference to its target of reducing specific CO<sub>2</sub> emissions, saying on one webpage that this target goes “well beyond” the targets set by the Kyoto Protocol and the European Union<sup>26</sup>. However, this claim is a little disingenuous: E.ON’s target will not actually reduce the Group’s CO<sub>2</sub> emissions if generation goes up enough (the *2007 Corporate Responsibility Report* does acknowledge this), whereas the Kyoto Protocol and EU set targets for reducing absolute emissions. Also, one webpage<sup>27</sup> says that the target will be partly met through carbon offset credits, meaning that actual CO<sub>2</sub> emissions will not decrease at all.
- E.ON is strongly committed to nuclear power and new coal-fired power stations with carbon capture and storage, and is actively lobbying for, and investing in, new such power plants. Many environmental groups and others do not believe that either nuclear energy or new coal-fired power plants should play a role in the future energy mix, and that all existing plants should be decommissioned as they reach the end of their life and replaced with renewable energy plants. CCS has also been criticized for being unproven.
- E.ON provides information about its reductions to SO<sub>2</sub> and NO<sub>x</sub> emissions, but does not indicate whether these reductions were proactive or required by law.
- No information was found on disposal of nuclear waste in Germany, and no information is available on the corporate website about planned new nuclear power plants (which are not even included in a list of new power plants<sup>28</sup>).

## V Assessment of E.ON as a partner for IUCN

By engaging with E.ON, IUCN could improve the environmental performance of one of Europe’s major power companies, and by extension the entire industry.

Without talking to IUCN members it is impossible to gauge the reaction of such an engagement. However, given that Greenpeace and WWF have both criticized E.ON, there is a risk that the reaction would be negative.

One risk for IUCN is the high chance of demonstrations against and negative press about E.ON’s plans for new coal-fired and nuclear power plants in Europe. There seems to be mounting public opposition to new coal-fired power plants, and it seems likely that this will be encouraged by Greenpeace’s recent

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<sup>25</sup> [www.dams.org](http://www.dams.org)

<sup>26</sup> [www.eon.com/en/unternehmen/21442.jsp](http://www.eon.com/en/unternehmen/21442.jsp)

<sup>27</sup> [www.eon.com/en/unternehmen/21442.jsp](http://www.eon.com/en/unternehmen/21442.jsp)

<sup>28</sup> [www.eon.com/en/unternehmen/23475.jsp](http://www.eon.com/en/unternehmen/23475.jsp)

court success in arguing that six activists had a lawful excuse for damaging the Kingsnorth power station in the UK in order to prevent the far greater damage from global warming. Demonstrations have also been made at other coal-fired power plants planned by E.ON. E.ON is also planning new nuclear power plants and lobbying for extending the life of Germany's nuclear power plants (which under current policy will be mostly decommissioned by 2020): it seems likely that various groups may protest against these. E.ON may also receive criticism for its promotion of carbon capture and storage, which many see as an unproven technology for reducing CO<sub>2</sub> emissions from coal-fired power plants.

There is also a risk for IUCN in engaging with E.ON on offshore wind developments. Several press articles cite difficulties with such projects, including their technical difficulties and costs. E.ON has reportedly already stopped two such developments, saying they will not be economically viable<sup>29</sup>. E.ON has also linked new wind farms with the need for new coal-fired power plants<sup>30</sup>, and has reportedly tried to block wind development in Germany by 'grid blockades' (meaning that the wind turbine operators are forced to sign contracts which enables E.ON to shut down wind turbines in peak production and low demand situations)<sup>31</sup>.

## VI Methodology

The information in sections I and II was mostly taken from corporate sources: the corporate website ([www.eon.com](http://www.eon.com)) and market unit websites ([www.eon-energie.com](http://www.eon-energie.com); [www.eon-ruhrgas.com](http://www.eon-ruhrgas.com); [www.eon-uk.com](http://www.eon-uk.com); [www.eon-us.com](http://www.eon-us.com); [www.eon.se](http://www.eon.se); [www.eon-russia.com](http://www.eon-russia.com); [www.eon-espana.com](http://www.eon-espana.com); [www.eon-italia.com](http://www.eon-italia.com)); the E.ON 2007 *Corporate Responsibility Report*<sup>32</sup>; the E.ON UK *Corporate Responsibility Review 2007*<sup>33</sup>; the E.ON Nordic 2007 *Climate Balance Sheet*<sup>34</sup>;

### Internet searches

The following search engines were queried over the period of 2–11 September 2008:

- Google
- Google News

The following search terms were used:

EON; E.ON; E.ON coal; E.ON biomass; E.ON nuclear; E.ON offshore wind

Only results on the first ten pages of results were examined.

The following websites were searched using E.ON as a search term:

- WWF International ([www.panda.org](http://www.panda.org))
- Greenpeace International ([www.greenpeace.org/international/](http://www.greenpeace.org/international/))
- Friends of the Earth UK ([www.foe.co.uk](http://www.foe.co.uk); the FOE US site was not searchable)
- [www.covalence.ch](http://www.covalence.ch)
- [www.corporatewatch.org](http://www.corporatewatch.org)

<sup>29</sup> [www.independent.co.uk/news/business/news/offshore-wind-farms-blown-off-schedule-by-two-years-474271.html](http://www.independent.co.uk/news/business/news/offshore-wind-farms-blown-off-schedule-by-two-years-474271.html)

<sup>30</sup> [news.scotsman.com/latestnews/Coal-backup-for-wind-power.4442417.jp](http://news.scotsman.com/latestnews/Coal-backup-for-wind-power.4442417.jp)

<sup>31</sup> [www.greenpeace.org/raw/content/international/press/reports/WhosePower.pdf](http://www.greenpeace.org/raw/content/international/press/reports/WhosePower.pdf)

<sup>32</sup> [www.eon.com/en/downloads/E.ON\\_CR\\_US.pdf](http://www.eon.com/en/downloads/E.ON_CR_US.pdf)

<sup>33</sup> <http://www.eon-uk.com/images/CRReview2007.pdf>

<sup>34</sup> [http://www.eon.se/upload/eon.se/dokument/om\\_e.on/miljo/miljoredovisingar/EOCO0355\\_eng\\_RGB96\\_sfs.pdf](http://www.eon.se/upload/eon.se/dokument/om_e.on/miljo/miljoredovisingar/EOCO0355_eng_RGB96_sfs.pdf)

- [www.greenwashingindex.com/index.php](http://www.greenwashingindex.com/index.php)
- [www.sustainability.com](http://www.sustainability.com)
- [www.ethicalcorp.com](http://www.ethicalcorp.com)

Annex 1

### III Media and stakeholder analysis

#### A. General and news internet queries

Positive /neutral articles

- Biomass operations
- Offshore wind farms
- Other

Negative articles

- New coal-fired power plant at Kingsnorth, UK
- Other protests against E.ON
- Other coal- and CO<sub>2</sub>-related articles
- Nuclear energy
- Offshore wind farms
- Gas and electricity price rises
- Regulatory issues
- Employee issues
- Other

Articles on issues that could receive negative press in the future

- New nuclear power stations
- Other

#### *Positive/neutral articles*

##### **Biomass operations**

Example articles:

- **E.ON plans to build 150 MW biomass plant in south west England**  
E.ON UK announced plans to build a 150 megawatt biomass power plant at the Port of Bristol, UK, which will use wood obtained from sustainable sources abroad as well as locally obtained recycled wood.  
- forbes.com 2 September 2008 ([www.forbes.com/afxnewslimited/feeds/afx/2008/08/19/afx5336577.html](http://www.forbes.com/afxnewslimited/feeds/afx/2008/08/19/afx5336577.html))  
(Also reported elsewhere)
- **WELtec & E.ON start construction on biogas plant**  
Construction of the one world's largest plants for feeding biogas into the natural gas grid has officially started in Germany.  
- RenewableEnergyWorld.com 28 August 2008 ([www.renewableenergyworld.com/rea/news/story?id=53442](http://www.renewableenergyworld.com/rea/news/story?id=53442))
- **Thousands watch fall of landmark towers**  
The UK's last pre-50s hyperbolic cooling towers were demolished to make way for a £60m biomass power station. E.ON was criticized for planning to demolish the towers which many viewed as a cultural icon.  
- The Guardian 25 August 2008 ([www.guardian.co.uk/artanddesign/2008/aug/25/architecture](http://www.guardian.co.uk/artanddesign/2008/aug/25/architecture))  
(also reported elsewhere)

- **E.ON UK gets ball rolling on biomass power station**  
E.ON UK submitted a scoping statement to build a £60m 25 MW biomass power station at Blackburn Meadows in Sheffield, which will burn a combination of recycled wood and specially grown crops such as willow and elephant grass.  
- Contractors Unlimited 2 August 2007 ([www.contractorsunlimited.co.uk/news/070806-E.ON.shtml](http://www.contractorsunlimited.co.uk/news/070806-E.ON.shtml))  
(also reported elsewhere)
- **E.ON UK starts generating power at Steven's Croft biomass power station**  
E.ON UK started generating electricity for the first time at the UK's largest dedicated biomass power station at Steven's Croft in Lockerbie, Scotland.  
24/7 11 November 2007 ([www.24-7pressrelease.com/press-release/eon-uk-starts-generating-power-at-stevens-croft-biomass-power-station-35875.php](http://www.24-7pressrelease.com/press-release/eon-uk-starts-generating-power-at-stevens-croft-biomass-power-station-35875.php))
- **E.ON's new wood-burning power stations**  
An analysis of two dedicated biomass power plants in the UK, including E.ON's Steven's Croft biomass power plant, shows that biomass plants appear to make good financial sense but that the attractive financial profile depends entirely on the subsidy created through the Renewables Obligation Certificate (ROC) system. The fuel costs at a plant such as Sheffield will exceed the value of the electricity produced and E.ON is therefore taking a gamble that ROC prices will remain firm and that the current banding scheme (which awards one ROC per MWh for energy crops burned in coal or oil power stations, but two ROCs per MWh for power plants using only renewable fuels) which advantages dedicated bioenergy plants will remain after 2013.  
Carbon Commentary 15 September 2007 ([www.carboncommentary.com/2007/09/15/6](http://www.carboncommentary.com/2007/09/15/6))

## Offshore wind farms

- **E.ON to build new offshore wind farm at Rødsand**  
E.ON Sverige AB won the concession to build a 200 MW offshore wind farm at Rødsand, Denmark.  
Danish Energy Agency 28 April 2008 ([www.ens.dk/sw68758.asp](http://www.ens.dk/sw68758.asp))
- **E.ON speeds first German offshore wind park link**  
Work on a transformer and cable housings to bring offshore wind power to Germany's mainland for the first time is on course for a likely start in October 2008.  
- Reuters 14 April 2008 ([www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSL147448620080414](http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSL147448620080414))
- **E.ON prepares to restart Blyth offshore wind farm**  
The UK's first offshore wind farm, Blyth (owned by E.ON), looks likely to return to active service in September, after repairs to its transmission cable are completed. The cable had been damaged by its exposure to the rocky seabed when it came to a halt in March 2006. The Blyth project has suffered over the years, including previous cable failures and even a lightning strike, but the project has helped pave the way for other offshore wind farms in the UK.  
- New Energy Focus 28 August 2008  
([www.newenergyfocus.com/do/ecco.py/view\\_item?listid=1&listcatid=92&listitemid=1629](http://www.newenergyfocus.com/do/ecco.py/view_item?listid=1&listcatid=92&listitemid=1629))
- **E.ON plans UK offshore wind farm**  
E.ON has submitted a planning application for a US \$1.4 billion offshore wind farm located more than 8 kilometers off the East Yorkshire coast of the UK. If built, the 300-megawatt (MW) Humber Gateway project will be one of the largest offshore wind farms in UK waters.  
- Your Industry News 18 April 2008 ([www.yourindustrynews.com/blog/?p=978](http://www.yourindustrynews.com/blog/?p=978))
- **Report: Little harm from offshore wind farms in Denmark**  
A report released in Denmark finds negligible impacts to birds, fish and mammals from the two largest offshore wind

farms in the world at Horns Rev and Nysted (20% owned by E.ON).  
- Cape Cod Today 5 December 2006 ([www.capecodtoday.com/news550.htm](http://www.capecodtoday.com/news550.htm))

## Other

- **E.ON sends workers to Louisiana to help restore power**

E.ON US sent more than 250 Kentucky-based employees to Louisiana to help utilities there restore power in the wake of Hurricane Gustav.

- Bizjournals.com 2 September 2008 ([www.bizjournals.com/louisville/stories/2008/09/01/daily12.html](http://www.bizjournals.com/louisville/stories/2008/09/01/daily12.html))

- **Case studies in sustainable development in the coal industry**

A publication by the International Energy Agency (IEA) includes many case studies of E.ON operations.

- [www.iea.org/Textbase/papers/2006/CIAB\\_Case\\_Studies\\_2006.pdf](http://www.iea.org/Textbase/papers/2006/CIAB_Case_Studies_2006.pdf)

- **How carbon capture and storage (CCS) could make coal the fuel of the future**

A positive article on CCS mentions E.ON's efforts.

The Times Online 9 September 2008 ([www.timesonline.co.uk/tol/news/uk/science/article4710941.ece](http://www.timesonline.co.uk/tol/news/uk/science/article4710941.ece))

## *Negative articles*

### **New coal-fired power plant at Kingsnorth, UK**

E.ON is planning to demolish its coal-fire power plant at Kingsnorth and replace it with one that is 20% more efficient and built with the capacity to retrofit carbon capture and storage (CCS). The plant will be the first new coal-fire power plant to be built in the UK in nearly 24 years. A week-long "climate camp" protesting the new plant was held in August 2008, attracting around 1,000 protestors. Just afterwards, six Greenpeace activists arrested in 2007 for damage to a smokestack on the existing plant argued in court that they had a lawful excuse for damaging the power station in order to prevent the far greater damage from global warming. The jurors agreed and the activists were acquitted of causing criminal damage.

The plant has attracted media attention throughout the year, most recently due to the protests and court case. It has also been referred to in opinion editorials arguing against continued use of coal and uncertainties over carbon capture and storage.

Example articles:

- **Row over coal power station plan**

Medway Council gave its approval to a planning application by E.ON UK to build two new cleaner coal units at Kingsnorth. Opponents say the move would be a serious setback to efforts to cut the UK's carbon emissions, with Greenpeace labeling it "dinosaur technology".

- BBC 3 January 2008 ([news.bbc.co.uk/2/hi/uk\\_news/england/7169105.stm](http://news.bbc.co.uk/2/hi/uk_news/england/7169105.stm))

- **Coal giant dictates government climate policy**

Under the Freedom of Information Act, Greenpeace saw government documents showing that a single email from E.ON "destroyed a central pillar of the [UK] government's energy policy in just a few minutes". Greenpeace says E.ON sent an email to the UK government saying that business minister John Hutton "has no right to withhold approval" of the new Kingsnorth plant, and asking that carbon capture and storage not be included in conditions for building the plant. The email also said that carbon capture doesn't exist.

Greenpeace UK 31 January 2008 ([www.greenpeace.org.uk/blog/climate/coal-giant-dictates-government-climate-policy-20080131](http://www.greenpeace.org.uk/blog/climate/coal-giant-dictates-government-climate-policy-20080131))

- **E.ON delays coal-fired power plant to await carbon capture ruling**

E.ON asked the UK government to hold back granting planning permission for the Kingsnorth power plant, until the government had finished consultation this year on regulating carbon capture and storage. E.ON is reluctant to commit itself to building a new station if future regulations might make it impossible to fit the plant with CCS technology. The Guardian 1 April 2008 ([www.guardian.co.uk/environment/2008/apr/01/carbonemissions.biofuels](http://www.guardian.co.uk/environment/2008/apr/01/carbonemissions.biofuels))

- **Edelman likes it hot**

Criticism of E.ON for being so worried by the prospect of the planned civil disobedience campaign at the Kingsnorth power station that it has hired the PR firm Edelman, to help ensure that E.ON's proposal retains government support. The article also criticizes E.ON UK's environmental impact statement for the new power plant, which has only 54 "disingenuous" words addressing the issue of CO<sub>2</sub> emissions from the plant in its 253 pages. PRwatch.org 1 August 2008 ([www.prwatch.org/node/7614](http://www.prwatch.org/node/7614))

- **UK climate protesters await coal showdown with E.ON**

Around 700 activists are preparing to disrupt E.ON's coal-fired power station at Kingsnorth in England in a protest against plans for a new coal power plant.  
- Reuters 6 August 2008 ([www.reuters.com/article/environmentNews/idUSL639148520080806](http://www.reuters.com/article/environmentNews/idUSL639148520080806))

- **Coal in a hole**

Article criticizing E.ON for greenwash: presenting itself as taking climate change seriously and promoting green energy, while planning to build new coal-fired power stations. It also criticizes CSS as an unproven technology that may not be ready for decades.  
Red Pepper ([www.redpepper.org.uk/Coal-in-a-hole](http://www.redpepper.org.uk/Coal-in-a-hole))

- **E.ON protesters blockade depot**

Environmental campaigners blockaded a biofuel depot in protest of the effects of petrol and diesel made from plant materials on climate change and global commodity prices. The protest was part of the week-long climate camp.  
- ft.com 8 August 2008 ([www.ft.com/cms/s/0/a9b5494c-64e0-11dd-af61-0000779fd18c.html](http://www.ft.com/cms/s/0/a9b5494c-64e0-11dd-af61-0000779fd18c.html))

- **Climate protesters arrested after gluing themselves to bank**

Two environmental activists glued themselves to the front doors of the Royal Bank of Scotland in London, as part of the climate camp protests. In another protest, the E.ON-sponsored Lego model of Kingsnorth power station at the Legoland Park in Windsor was "occupied" by tiny Lego eco-activists with a banner reading: "Stop climate change."  
- Guardian.co.uk 8 August 2008  
([www.guardian.co.uk/environment/2008/aug/08/kingsnorthclimatecamp.climatechange](http://www.guardian.co.uk/environment/2008/aug/08/kingsnorthclimatecamp.climatechange))

- **Ugly scenes at power plant demo**

Some 100 protesters at the climate camp tried to storm E.ON's Kingsnorth power station. Earlier in the week, police dressed in riot gear clashed with protesters after trying to gain access to the site.  
- Sky News 9 August 2008 ([news.sky.com/skynews/Home/UK-News/Climate-Change-Activists-Target-Coal-Fired-Power-Station-In-Kent/Article/200808215074320](http://news.sky.com/skynews/Home/UK-News/Climate-Change-Activists-Target-Coal-Fired-Power-Station-In-Kent/Article/200808215074320))

- **Court case adds fuel to debate over energy mix**

Greenpeace volunteers appeared in a UK court accused of causing £30,000 damage to E.ON's Kingsnorth power station in a protest against E.ON's plans to build a new coal-fired power station next to the existing plant. The activists argued that they had a lawful excuse for damaging the power station in order to prevent the far greater damage from global warming.  
- ft.com 2 September 2008 ([www.ft.com/cms/s/0/9c27ec2c-7885-11dd-acc3-0000779fd18c.html](http://www.ft.com/cms/s/0/9c27ec2c-7885-11dd-acc3-0000779fd18c.html))

- **The stakes could not be higher. Everything hinges on stopping coal**  
Opinion editorial, based on the protests at the Kingsnorth power station.  
- The Guardian 5 August 2008  
([www.guardian.co.uk/commentisfree/2008/aug/05/kingsnorthclimatecamp.climatechange](http://www.guardian.co.uk/commentisfree/2008/aug/05/kingsnorthclimatecamp.climatechange))
- **Coal's future is safe, but what about the climate?**  
Article on coal and the climate, based on the protests at the Kingsnorth power station.  
- ABC 5 August 2008 ([www.abc.net.au/news/stories/2008/08/05/2324886.htm](http://www.abc.net.au/news/stories/2008/08/05/2324886.htm))
- **CCS cannot justify unabated coal plants**  
Referring to E.ON's plan to make the new coal-fired power plant at Kingsnorth a carbon capture and storage demonstration project, the article quotes UK MPs from the House of Commons Environmental Audit Committee as being disappointed by progress on CCS technology and saying that in the absence of mature technology, the potential for CSS should not be used as a way of silencing environmental concerns.  
- Low Carbon Economy 19 August 2008  
([www.lowcarboneyconomy.com/community\\_content/\\_low\\_carbon\\_news/1641/ccs\\_cannot\\_justify\\_unabated\\_coal\\_plants](http://www.lowcarboneyconomy.com/community_content/_low_carbon_news/1641/ccs_cannot_justify_unabated_coal_plants))
- **Cleared: Jury decides that threat of global warming justifies breaking the law**  
Jurors accepted defense arguments that six Greenpeace activists had a "lawful excuse" to damage property at Kingsnorth power station to prevent even greater damage caused by climate change.  
- The Independent 11 September 2008 ([www.independent.co.uk/environment/climate-change/cleared-jury-decides-that-threat-of-global-warming-justifies-breaking-the-law-925561.html](http://www.independent.co.uk/environment/climate-change/cleared-jury-decides-that-threat-of-global-warming-justifies-breaking-the-law-925561.html))  
(also reported elsewhere)

## Other protests against E.ON

- **Climate activists blockade E.ON in Nottingham, UK. 2 Arrests**  
Activists protested about E.ON publicly claiming green credentials, but trying to build a new generation of coal-fired power stations.  
- [www.fossilfoolsdayofaction.org/2008/04/01/climate-activists-blockade-e-on-in-nottingham-uk/](http://www.fossilfoolsdayofaction.org/2008/04/01/climate-activists-blockade-e-on-in-nottingham-uk/)
- **Greenwash guerrillas embarrass E.ON**  
Rising Tide and other campaigners held a Greenwash Guerrillas demonstration outside the Guardian Climate Change Summit, which E.ON sponsored.  
- [risingtide.org.uk/node/284](http://risingtide.org.uk/node/284)
- **GroenFront! blocks E.ON Benelux HQ**  
GroenFront!, the Dutch and Belgian branch of EarthFirst, occupied the Benelux headquarters of E.ON in Rotterdam in a protest against the construction of the Maasvlakte coal-fired power plant in Rotterdam, The Netherlands.  
- [www.earthfirst.org.uk/actionreports/node/20852](http://www.earthfirst.org.uk/actionreports/node/20852)

## Other coal- and CO<sub>2</sub>-related articles

- **Coal back-up for wind power 'will cost £100bn'**  
E.ON claimed wind energy is so unreliable that even if 13,000 turbines are built to meet EU renewable energy targets, they could be relied on to provide only 7 per cent of the UK's peak winter electricity demand. It argues this would require new coal-fired power stations to be built so they could be used in an emergency when little wind blows. This view was criticized by Friends of the Earth and WWF. WWF Scotland said: "It's not surprising, given their agenda is all about building massive coal-fired power stations."  
- Scotsman 30 August 2008 ([news.scotsman.com/latestnews/Coal-backup-for-wind-power.4442417.jp](http://news.scotsman.com/latestnews/Coal-backup-for-wind-power.4442417.jp))

- **Windfall tax being blown off course**

An article on the fuel poverty issue (see below) mentions that UK utilities are benefiting from windfall profits on the back of the European Union's emissions trading scheme. It says: "This was designed to reduce carbon emissions, not to enable the utilities to make a killing. The biggest scandal is that you and I are funding this windfall through higher utility bills."

- The Observer 31 August 2008 ([www.guardian.co.uk/business/2008/aug/31/utilities.energy](http://www.guardian.co.uk/business/2008/aug/31/utilities.energy))

- **Energy: How dirty is your power supplier?**

An article on the coal vs. nuclear energy mix of the UK's power utilities (including E.ON) quotes Ecotricity as saying: "Buying existing green energy, which is what most 100% tariffs contain, does nothing at all to reduce CO<sub>2</sub> emissions or increase UK green energy capacity - you simply take something that already exists and have it for yourself. ... Most 100% green tariffs are a con, because they tell you you'll reduce your carbon footprint etc, but don't tell you someone else's will go up as a direct result. Nothing really changes - it's just a redistribution of existing green sources."

- The Guardian 16 August 2008 ([www.guardian.co.uk/money/2008/aug/16/energy.householdbills](http://www.guardian.co.uk/money/2008/aug/16/energy.householdbills))

- **Disclosing carbon emissions – do the numbers add up?**

A small survey of company emissions data for four selected energy suppliers, including E.ON, and four electronics firms concludes that usable corporate emissions data is incomplete and of variable quality.

Climate Change Corp - 21 August 2008 ([www.climatechangecorp.com/content.asp?contentid=5570](http://www.climatechangecorp.com/content.asp?contentid=5570))

- **So, what misery does your pension pay for?**

The Royal Bank of Scotland and other high-street banks including HSBC and Barclays are facing the possibility of a wave of consumer boycotts, following a report accusing RBS of helping to provide an estimated £8bn to E.ON and other companies utilizing coal over the past two years.

[news.scotsman.com](http://news.scotsman.com) 11 September 2008 ([news.scotsman.com/opinion/So-what--misery-does.4394065.jp](http://news.scotsman.com/opinion/So-what--misery-does.4394065.jp))

## **Nuclear energy**

- An article about E.ON says that the Group is "repositioning nuclear as a green form of power". It also says that E.ON is engaged in a program to produce and promote teaching packs for schools, tied into the UK national curriculum for 14- to 16-year-olds. One activity encourages children to debate the motion: 'Our class believes that nuclear is the right choice to meet the UK's energy needs in the 21st century.' The teaching pack website provides links to Greenpeace and coverage of the Chernobyl disaster, but also points students towards the nuclear industry's lobbying body, the World Nuclear Association.

- Nuclear Spin ([www.nuclearspin.org/index.php/Eon](http://www.nuclearspin.org/index.php/Eon))

- **Nuclear power grab? Corporate lobbyists and MEPs working in tandem to spin nuclear energy as sustainable**

An article critical of nuclear power discusses lobbying by European nuclear industry group, FORATOM, of which E.ON is a member, ahead of a 2006 EU Parliament vote on expanding nuclear power in Europe as means of reducing CO<sub>2</sub> emissions. It also says E.ON (and other energy companies) has lobbyists in the European Parliament.

- Corporate Europe Observatory December 2006 ([www.corporateeurope.org/docs/NuclearPowerGrab.pdf](http://www.corporateeurope.org/docs/NuclearPowerGrab.pdf))

## **Offshore wind farms**

- **E.ON and Dong Energy buy Shell's stake in large offshore wind farm**

E.ON and Dong Energy agreed to buy Royal Dutch Shell's stake in London Array, one of the world's largest planned wind farms. While the article is generally positive, saying that the buyout averts the threat of the project being cancelled, it also says that Shell wanted to sell because rising costs made it unclear whether the 341-turbine wind farm in the Thames Estuary would be profitable. (Industry-wide cost inflation has raised the cost of the project to more than £2.5bn, well above the original estimates of £1.5bn three years ago.)

- International Herald Tribune 21 July 2008 ([www.iht.com/articles/2008/07/21/business/wind.php](http://www.iht.com/articles/2008/07/21/business/wind.php))

(also reported elsewhere; sentence in brackets from <http://cleantechnica.com/2008/07/21/worlds-largest-offshore-wind-farm-back-on-track/>)

- **Shell, E.ON stall offshore wind projects EU needs**

Equipment shortages and rising costs are stalling as much as \$120 billion of offshore projects the EU and other governments are counting on to reduce the use of fossil fuels and combat global warming. The article cites problems in building E.ON's Robin Rigg wind farm in the Irish Sea. It also says that following Shell's decision to sell its stake in the London Array wind farm, E.ON and Dong Energy may reduce the size of the project, and that the world's biggest turbine makers, Vestas Wind System and General Electric Co. are focusing on onshore equipment because it's more profitable and easier to install. The article calls offshore wind projects a niche market, and quotes a representative from Ernst & Young as saying: "Utilities will hesitate to build larger offshore projects until supplies of material and equipment have stabilized."

Bloomberg.com 14 May 2008 ([www.bloomberg.com/apps/news?pid=20601109&refer=&sid=alnc6d8ZA0oE](http://www.bloomberg.com/apps/news?pid=20601109&refer=&sid=alnc6d8ZA0oE))  
(also reported elsewhere)

- **A Green revolution off Germany's coast**

Despite the German government and companies working on plans to build enormous offshore wind farms for the last ten years, not a single blade currently turns off the coast of Germany due to technical difficulties, a lack of money and problems with the power cables. While the article is positive about construction starting in August on Germany's first offshore wind farm (Alpha Ventus, which is part owned by E.ON), it also lists many problems with offshore wind farms, including the difficulties and costs of building them, high maintenance costs, and the problem of transporting the electricity onshore. It says the list of obstacles means that many view the German's government's goal of producing 10,000 megawatts from offshore wind farms in 2020 as overly ambitious: using today's technology, this would require 2,000 to 3,000 wind turbines. Alpha Ventus will only have 12.

- Spiegel Online 24 July 2008 ([www.spiegel.de/international/germany/0,1518,567622,00.html](http://www.spiegel.de/international/germany/0,1518,567622,00.html))

- **Move over, metal: a big idea for offshore wind**

Article on a new plan to use concrete instead of steel for offshore wind platforms cites several problems with offshore wind farms.

The Wall Street Journal 2 April 2008 ([blogs.wsj.com/environmentalcapital/2008/05/02/move-over-metal-a-big-idea-for-offshore-wind/](http://blogs.wsj.com/environmentalcapital/2008/05/02/move-over-metal-a-big-idea-for-offshore-wind/))

- **Weather puts German offshore wind farm on hold**

Violent weather has delayed construction on Germany's first offshore wind farm, part owned by E.ON.

International Herald Tribune 4 September 2008 ([www.ihf.com/articles/ap/2008/09/04/europe/EU-Germany-Windfarm-Delayed.php](http://www.ihf.com/articles/ap/2008/09/04/europe/EU-Germany-Windfarm-Delayed.php))

(also reported elsewhere)

- **Offshore wind farms blown off schedule by two years**

More than half of the first phase of the UK's offshore wind farms will be built two years late, at the earliest. Developers are also warning that the second phase of much larger projects is unlikely to go ahead without government support, threatening Tony Blair's target for producing more energy from renewable sources. Two of the 13 offshore wind farms planned in the first round of development, Scarweather Sands and Solway Firth projects off Wales have been put on hold indefinitely because developer E.ON no longer thinks they are economically viable.

- The Independent 16 April 2006 ([www.independent.co.uk/news/business/news/offshore-wind-farms-blown-off-schedule-by-two-years-474271.html](http://www.independent.co.uk/news/business/news/offshore-wind-farms-blown-off-schedule-by-two-years-474271.html))

## **Gas and electricity price rises**

E.ON UK (and other utilities) raised gas and electricity prices sharply in August, the second price rise this year, due to an increase in wholesale costs. This prompted debate in the UK parliament over new taxes on energy companies to help the poor. The government finalized a £1bn package of new funding and measures to tackle fuel poverty, which will be funded by power suppliers including E.ON. There is

continuing debate over a windfall tax on energy companies. Both the price rises and the debate over the windfall tax, fuel aid, and fuel poverty received a lot of press coverage.

Example articles:

- **No new coal 'means higher bills'**

E.ON warned that if permission is not granted for the new coal-fired power station at Kingsnorth, British consumers will be saddled with even higher energy bills than those already projected.

- Sky News 4 August 2008 ([news.sky.com/skynews/Home/Business/Kingsnorth-Protests-EON-Says-Failure-To-Give-Coal-Power-Station-Would-Result-In-Higher-Bills/Article/200808115068906](http://news.sky.com/skynews/Home/Business/Kingsnorth-Protests-EON-Says-Failure-To-Give-Coal-Power-Station-Would-Result-In-Higher-Bills/Article/200808115068906))

- **E.ON raises gas and electricity prices**

E.ON announced that it will raise its gas prices by 26% and its electricity prices by 16% in the UK. The firm is the third of the big six companies to increase the cost of domestic energy bills for the second time during the summer, with the rest expected to follow suit.

- The Guardian 21 August 2008

([www.guardian.co.uk/money/2008/aug/21/energy.householdbills?gusrc=rss&feed=uknews](http://www.guardian.co.uk/money/2008/aug/21/energy.householdbills?gusrc=rss&feed=uknews))

(also reported elsewhere)

- **Pensioners' leader attacks E.ON price hike**

The Nottingham Pensioners' Action Group condemned energy giant E.ON for putting "account books above human beings" in their decision to raise the price of gas.

- This is Nottingham 21 August 2008 ([www.thisisnottingham.co.uk/news/Pensioners-leader-attacks-E-price-hike/article-283113-detail/article.html](http://www.thisisnottingham.co.uk/news/Pensioners-leader-attacks-E-price-hike/article-283113-detail/article.html))

- **Fuel giants' aid to poor is shrinking**

Booming energy firms are giving even less back to help poor consumers: the total profits of British Gas, Scottish and Southern, Scottish Power, EDF, Npower and E.ON rose from £2billion in 2006 to £4.6billion in 2007, but the percentage going to help the poor fell from 1.9 to 1.2 in that time.

Mirror.co.uk 29 August 2008 ([www.mirror.co.uk/news/top-stories/2008/08/29/fuel-giants-aid-to-poor-is-shrinking-115875-20715989/](http://www.mirror.co.uk/news/top-stories/2008/08/29/fuel-giants-aid-to-poor-is-shrinking-115875-20715989/))

- **Windfall tax being blown off course**

UK energy companies are resisting a UK government plan for them to fund measures to tackle fuel poverty

- The Observer 31 August 2008 ([www.guardian.co.uk/business/2008/aug/31/utilities.energy](http://www.guardian.co.uk/business/2008/aug/31/utilities.energy))

- **E.ON sees power prices rising for at least a year**

E.ON sees power prices for households in Germany rising for at least another year as the company passes on soaring wholesale prices.

- Forbes.com 2 September ([www.forbes.com/afxnews/limited/feeds/afx/2008/09/02/afx5377974.html](http://www.forbes.com/afxnews/limited/feeds/afx/2008/09/02/afx5377974.html))

- **Gordon Brown faces backlash over fuel aid**

An article on the UK government debate over a windfall tax for UK energy companies and fuel aid for the poor quotes the Liberal Democrat leader Nick Clegg as saying: "There is something seriously wrong when energy companies are giving higher and higher pay-outs to shareholders while hiking up prices for customers."

- The Telegraph 5 September 2008

([www.telegraph.co.uk/money/main.jhtml?xml=/money/2008/09/05/bcnbrown104.xml](http://www.telegraph.co.uk/money/main.jhtml?xml=/money/2008/09/05/bcnbrown104.xml))

- **Energy giants 'prey' on poor forced to use pre-pay meters**

Energywatch, a UK government-funded consumer group, said E.ON and other energy companies are charging people on pre-payments more than wealthier customers on internet tariffs. Energywatch accused the energy firms of "preying" on poor customers who could not move to cheaper tariffs because of debt problems.

The Independent 6 September 2008 ([www.independent.co.uk/news/uk/home-news/energy-giants-prey-on-poor-forced-to-use-prepay-meters-920814.html](http://www.independent.co.uk/news/uk/home-news/energy-giants-prey-on-poor-forced-to-use-prepay-meters-920814.html))

- **Green consumers say suppliers inflate prices**

A survey shows that the reputations of companies including E.ON are close to record lows, with more than 85% of Britain's green consumers believing that energy suppliers have been profiteering this year by implementing record price increases on gas and electricity.

- The Times Online 27 August 2008

([business.timesonline.co.uk/tol/business/industry\\_sectors/utilities/article4614652.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/utilities/article4614652.ece))

## Regulatory issues

- **Gas giants get rapped. Again.**

The European Competition Commission charged two of Europe's biggest gas suppliers, E.ON and Gaz De France, over an alleged agreement to keep out of each other's home markets. If found guilty, the two companies would have to pay as much as 10% of their annual turnover.

- Forbes.com 12 June 2008 ([www.forbes.com/markets/2008/06/12/eon-gdf-competition-markets-equity-cx\\_vr\\_0612markets11.html](http://www.forbes.com/markets/2008/06/12/eon-gdf-competition-markets-equity-cx_vr_0612markets11.html))

- **More transparency urged for energy companies**

Britain's big energy companies, including E.ON, should be forced to open their books to show separately how much profit they make from their supply and generation arms.

- FT.com 18 August 2008 ([www.ft.com/cms/s/0/34dc09c0-6cbb-11dd-96dc-0000779fd18c.html](http://www.ft.com/cms/s/0/34dc09c0-6cbb-11dd-96dc-0000779fd18c.html))

- **German regulator launches steps against RWE, E.ON, 3 other gas distributors**

Germany's Federal Network Agency said it has launched proceedings against RWE AG., E.ON AG. and three other companies that transport gas in the country for failing to agree to merge their distribution zones into two regions.

- Forbes.com 25 August 2008 ([www.forbes.com/afxnews/limited/feeds/afx/2008/08/25/afx5353393.html](http://www.forbes.com/afxnews/limited/feeds/afx/2008/08/25/afx5353393.html))

## Employee issues

- **E.ON, other utilities say to cut Bulgaria staff**

E.ON EONG.DE, a major power distributor in Bulgaria, said it will cut up to 170 jobs because electricity prices in the Balkan country are not high enough to cover costs.

- Reuters 25 August 2008 ([www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSLP50391920080825](http://www.reuters.com/article/rbssIndustryMaterialsUtilitiesNews/idUSLP50391920080825))

- **Strike in E.ON might leave northeast Bulgaria without electricity**

Employees at E.ON Bulgaria Networks plan a strike over the company's intention to fire 173 people.

- international.news.bg 26 August 2008 ([international.ibox.bg/news/id\\_1514085773](http://international.ibox.bg/news/id_1514085773))

- **E.ON to cut 1,800 jobs in Germany**

E.ON is cutting 1,800 sales jobs as it closes two-thirds of its domestic service centers in Germany. The article also mentions German staff walking out in May in a dispute over pay.

- BBC 27 August 2008 ([news.bbc.co.uk/2/hi/business/7583971.stm](http://news.bbc.co.uk/2/hi/business/7583971.stm))

(also reported elsewhere)

## Other

- **Damned duopoly**

Article describing various actions against E.ON and its German competitor RWE (but concluding that new coal-fired

plants are necessary).

The Economist 29 November 2007 ([www.economist.com/business/displaystory.cfm?story\\_id=10214740](http://www.economist.com/business/displaystory.cfm?story_id=10214740))

- **Jean-Hubert Martin discusses private-public partnerships**

Jean-Hubert Martin, former director of the Museum Kunst Palast in Düsseldorf, Germany, says that Achim Middelschulte, cultural delegate of E.ON – with whom the museum had a partnership – directly interfered with museum programming, prevented several exhibitions from taking place, and managed to push through one “blockbuster” show - “Bonjour Russia” (2007)- which turned out to be a financial disaster for the institution. Artforum 18 August 2008 ([www.artforum.com/news/mode=international&week=200834](http://www.artforum.com/news/mode=international&week=200834))

- **Power giant hits family business with £40,000 bill**

E.ON sent a small, family-run Cornish pasty business with a £40,000 bill after realizing that it undercharged the business for eight years.

- Times Online 31 August 2008 ([business.timesonline.co.uk/tol/business/industry\\_sectors/utilities/article4641182.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/utilities/article4641182.ece))

### *Articles on issues that could receive negative press in the future*

#### **New nuclear power stations**

E.ON is planning, or would like to plan, new nuclear power plants in several European countries, and is actively urging governments to go ahead with these.

Example articles:

- **Britain must stand firm on nuclear power - E.ON**

The head of E.ON UK said the British government must remain resolute in its backing for a new fleet of nuclear power stations despite the likelihood of a fresh legal challenge.

- Reuters 30 January 2008 ([www.reuters.com/article/companyNews/idUSL3022126620080130](http://www.reuters.com/article/companyNews/idUSL3022126620080130))

- **German utility prepares to build two nuclear power stations in UK**

E.ON plans to build two nuclear power stations in the UK.

- The Guardian 24 April 2008 ([www.guardian.co.uk/world/2008/apr/24/nuclear.utilities](http://www.guardian.co.uk/world/2008/apr/24/nuclear.utilities))  
(also reported elsewhere)

- **E.ON to build £4bn British nuclear power station**

E.ON is drawing up plans to build a £4 billion nuclear power station beside the River Severn in Gloucestershire, UK.

- The Times Online 11 September 2008

([business.timesonline.co.uk/tol/business/industry\\_sectors/utilities/article4727457.ece](http://business.timesonline.co.uk/tol/business/industry_sectors/utilities/article4727457.ece))

- **Oldbury could be the home of a new nuclear power station**

E.ON signed an agreement with the National Grid for a transmission connection at Oldbury, UK, meaning that a connection to the National Grid could be maintained long after the existing Oldbury Power Station shuts down and suggesting the site could be used for a new generation nuclear power station.

- Gazette 10 September 2008

([www.gazetteseries.co.uk/news/3662226.Oldbury\\_could\\_be\\_the\\_home\\_of\\_a\\_new\\_nuclear\\_power\\_station/](http://www.gazetteseries.co.uk/news/3662226.Oldbury_could_be_the_home_of_a_new_nuclear_power_station/))

- **E.ON eyes role in Italian return to nuclear**

E.ON is interested in playing a role in developing nuclear power in Italy if the country bows to calls for a return to nuclear energy.

- Reuters 10 September 2008 ([in.reuters.com/article/oilRpt/idINLA28365420080910](http://in.reuters.com/article/oilRpt/idINLA28365420080910))

- **E.ON chief urges retaining German nuclear plants**

Wulf Bernotat, chairman of E.ON Energie, said that Germany can only deal with its commitment to reducing global warming gases and with soaring fuel costs by extending the working life of the country's nuclear plants. Under current policy, all but one of Germany's 17 nuclear power plants will be shutdown by 2020.

Red Orbit 11 July 2008

([www.redorbit.com/news/business/1473296/eon\\_chief\\_urges\\_retaining\\_german\\_nuclear\\_plants/index.html](http://www.redorbit.com/news/business/1473296/eon_chief_urges_retaining_german_nuclear_plants/index.html))

- **E.ON chief says may build nuclear plant in France**

E.ON AG may build a nuclear power plant in France if it gets the chance.

- Reuters 2 July 2008 ([www.reuters.com/article/oilRpt/idUKL0245959120080702](http://www.reuters.com/article/oilRpt/idUKL0245959120080702))

- **German utility mulls European markets for new reactor build**

Blog reporting that E.ON sent a letter of intent to the Romanian government stating its interest to participate in the construction of two new nuclear reactors in Cernavoda as a strategic investor, and is monitoring the Dutch and UK markets where nuclear power is being reconsidered as an option.

NEI Nuclear Notes 28 June 2006 ([neinuclearnotes.blogspot.com/2006/06/german-utility-mulls-european-markets.html](http://neinuclearnotes.blogspot.com/2006/06/german-utility-mulls-european-markets.html))

## Other

- **E.ON appeals against Midlothian wind farm rejection**

E.ON lodged an appeal against the refusal of Midlothian council to grant planning permission for a wind farm of up to 45MW on a peat bog at Auchencorth Moss, UK. The planning application received objections from 2,400 members of the public, and a variety of organizations including the Scottish Wildlife Trust, local Community Councils, Pentland Hills Regional Park, and the Butterfly Conservation Society.

- New Energy Focus 29 August 2008

([newenergyfocus.com/do/ecco.py/view\\_item?listid=1&listcatid=32&listitemid=1633&section=](http://newenergyfocus.com/do/ecco.py/view_item?listid=1&listcatid=32&listitemid=1633&section=))

(also reported elsewhere)

- **Vattenfall says no date yet to restart two northern German nuclear reactors**

Vattenfall AB is unable to say when it can put its two closed northern German nuclear reactors back into service. The two power plants are jointly operated with E.ON, and were disconnected from the grid after separate incidents in June 2007 related to the plants' power supplies.

- Forbes.com 17 August 2008 ([www.forbes.com/afxnewslimited/feeds/afx/2008/08/17/afx5331172.html](http://www.forbes.com/afxnewslimited/feeds/afx/2008/08/17/afx5331172.html))

- **Energy firms want wind farm billions**

Energy groups are to demand billions of pounds in extra subsidies from the UK government to build the wind farms needed to hit the UK's environmental targets. The budget for the biggest scheme – a wind farm in the Thames Estuary, which is intended to generate up to one per cent of the UK's electricity and for which E.ON is a partner – has doubled to £2bn in the past two years.

- thisismoney.co.uk 17 August 2008 ([www.thisismoney.co.uk/investing-and-](http://www.thisismoney.co.uk/investing-and-markets/article.html?in_article_id=450045&in_page_id=3&position=moretopstories)

[markets/article.html?in\\_article\\_id=450045&in\\_page\\_id=3&position=moretopstories](http://www.thisismoney.co.uk/investing-and-markets/article.html?in_article_id=450045&in_page_id=3&position=moretopstories))

- **Germany's E.ON wants to buy Iranian natural gas**

E.ON is seeking a potential deal with Iran to buy liquid natural gas (LNG), as an alternative to Russian sources.

- Spiegel Online 7 March 2007 ([www.spiegel.de/international/0,1518,470353,00.html](http://www.spiegel.de/international/0,1518,470353,00.html))

- **E.ON plans for Humber offshore windfarm, despite MoD objections**

The UK's Ministry of Defense has objected to the proposed Humber Gateway offshore wind farm over fears it could cause disruption to its radar coverage.

- channelweb.co.uk 7 April 2008 ([www.channelweb.co.uk/business-green/news/2213681/launches-plans-humber-](http://www.channelweb.co.uk/business-green/news/2213681/launches-plans-humber-offshore)

[offshore](http://www.channelweb.co.uk/business-green/news/2213681/launches-plans-humber-offshore))

- **German and Italian power companies form joint venture in Romania**

E.ON and Italian Enel SpA signed a memorandum of understanding with the Romanian electricity utility Termoelectrica S.A. (Bucharest) for the construction of an 800-megawatt (MW) coal-fired steam turbine at one of its subsidiaries, Braila Power Plant.

- Market Watch 14 August 2008 ([www.marketwatch.com/news/story/german-italian-power-companies-form/story.aspx?guid=%7B790E64C1-0E48-40E9-A871-242E7AE44DE5%7D&dist=hppr](http://www.marketwatch.com/news/story/german-italian-power-companies-form/story.aspx?guid=%7B790E64C1-0E48-40E9-A871-242E7AE44DE5%7D&dist=hppr))