

## Internal Memorandum

### The ČEZ Group has increased year-on-year production from renewable resources by one fifth

**In 2006, the ČEZ Group increased electricity production from renewable resources by 19.2% compared to the year 2005. The ČEZ Group's share in electricity production from renewable resources in the CR increased from 56% in 2005 to almost 58% in 2006.**

Leadership, in percentage terms, in the production of energy from renewable resources is held by hydroelectric plants with 89%. Last year, with substantial precipitation, these power plants noted the largest volume increase of production, by more than 210 GWh. Second place with the remaining 11% is held by biomass combustion. Compared to 2005, more than double the volume was burned, almost 227 000 tonnes, resulting in a year-on-year increase of energy production from biomass by 94.2%, the highest year-on-year percentage increase ever registered. The higher buyout price of electricity from these resources last year was reflected, allowing the offer of higher prices to biomass suppliers. This limited the export of this raw material, which was characteristic in 2005.

Within the framework of its energy policy, the European Union has stipulated the objective to increase the share of energy production from renewable resources at 20% by the year 2020. As an indicative objective, the Czech Republic has undertaken to produce 8% of energy from renewable resources by 2010. The ČEZ Energy Group plans to invest a total of 30 billion crowns into developing renewable energy sources over the next 15 years. Of this sum, about 20 billion crowns will be allocated to the construction of new wind power plants, if suitable projects are found.

“The year 2007 is important to us in terms of renewable resources. We want to prepare conditions for the construction of 2 to 3 wind power plants in the area of Nový Hrádek and Borová. Also, preparations are currently underway for the construction of two large wind farms – Dukovany and Dlouhé pole to the south of Chomutov,” said Josef Sedlák, General Director of the company ČEZ Obnovitelné zdroje.

#### ČEZ Group – Electricity from renewable energy sources (MWh)

	2005	2006	Index 2005/2006 (%)
Total hydroelectric plants (not incl. pump storage plants)	1 541 642	1 752 117	113,7
Total wind power plants	474	176	37,1
Total solar power plants	7	8	114,3
Total biomass combustion	115 337	223 933	194,2
<b>Total renewable energy sources</b>	<b>1 657 460</b>	<b>1 976 234</b>	<b>119,2</b>

#### Biomass combustion by the ČEZ Group (t)

	2005	2006	Index 2005/2006 (%)
<b>ČEZ Group total</b>	<b>107 552</b>	<b>226 456</b>	<b>210,6</b>
Of which ČEZ, a.s.	107 552	155 386	
Of which other member of the ČEZ Group*	0	71 070	

\*) *Elektrownia Skawina S.A.*