

Press release

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Vattenfall welcomes energy agreement

Vattenfall: Today's agreement confirms the political commitment to a future 100 percent renewable energy system. It also acknowledges the importance of nuclear power to realise this in a financially responsible way.

"We welcome that a broad parliamentary agreement on the future direction of Swedish energy policy has been reached, giving us the predictability we need. The abolishment of the nuclear capacity tax is an important precondition for us to be able to consider the investments needed to secure the long-term operation of our nuclear reactors from the 1980s, says Magnus Hall, CEO of Vattenfall.

"Today's agreement is also a positive signal to the 4,000 employees in our nuclear business", Hall continues.

The reactors of Forsmark and Ringhals have gone through a comprehensive modernisation programme allowing operation until the mid-2040s. However, to continue operating beyond 2020 they must meet stricter safety requirements through the installation of independent core cooling.

"Even with the abolishment of the capacity tax, profitability will be a challenge. Low electricity prices put all energy producers under pressure and we will continue to focus on reducing production costs. Naturally, investment decisions must be taken on commercial grounds, taking all cost factors and expected long-term market developments that the agreement implies into account", says Magnus Hall.

The agreement also includes reduced real estate tax on hydro power and establishes a new renewables target till 2030. A reduction of the real estate tax enables the necessary investments in existing hydro power that will support the development towards a 100 percent renewable energy system.

"The sharp increase in renewable energy production needs to be combined with significantly enhanced power transmission between Sweden and neighbouring countries. Vattenfall encourages the Energy Commission to further refine a plan for this", says Hall.

Increased cooperation in the Nordics is also needed as well as a common view on long-term security of supply and a renewables support scheme which provides predictability in terms of annual growth rates and reduces risk for investors.

"The aim must be continued reliable and affordable energy supply for our customers", says Magnus Hall.

Facts about the nuclear capacity tax and the real-state tax on hydro:

A variable production tax on nuclear power was introduced in 1984, initially at 0.2 öre /kWh. It was gradually increased to 2.7 öre /kWh in 2000. In the same year the production tax was replaced by a tax on installed capacity. Since its introduction this tax has gradually increased and today corresponds to about 7 öre/kWh.

A specific tax on hydro production was introduced in 1983, initially at 1.5 öre/kWh. In 1997 it was replaced by a real-estate tax currently at about 8.5 öre/kWh.

Links to our nuclear power plants: <https://corporate.vattenfall.se/om-oss/var-verksamhet/var-elproduktion/forsmark/forsmark-nuclear-power-plant/about-forsmark/>

<https://corporate.vattenfall.se/om-oss/var-verksamhet/var-elproduktion/ringhals/ringhals-nuclear-power-plant/>

Vattenfall is a Swedish, state owned, energy company with 28,000 employees with operations in Sweden, Germany, the Netherlands, Denmark, UK and Finland. Vattenfall supports the transition to a renewable energy system and has the objective to become leading in sustainable energy production and thereby secure a reliable and cost effective energy supply.

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