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Philippine Secretary of Energy dedicates STEAG power plant

Plant supplies electricity for Mindanao – Project volume around USD 305 million

Essen/Cagayan de Oro. Philippine Secretary of Energy Raphael Lotilla today dedicated the third foreign power plant of RAG subsidiary STEAG GmbH, based in Essen, Germany. In the north of the island of Mindanao the up-to-date power plant, guaranteeing reliable, efficient, environmentally compatible power generation based on hard coal, was erected within three years.

STEAG subsidiary STEAG State Power, Inc. (SPI) and its partner, State Investment Trust, Inc., laid the cornerstone for the hard-coal-fired plant in Mindanao at the end of 2003. The state-of-the-art two-unit plant is located on Villanueva Bay, not far from the big city of Cagayan de Oro. It has an installed capacity of 232 megawatts (MW). The electricity produced there suffices to cover, in figures, about 15 percent of the island's electric power requirements. Imported hard coal is used as fuel. Highly effective environmental protection measures ensure the plant's compliance with the regulatory standards defined by the Philippine environmental authorities and the stringent limits set by the World Bank. The plant was built by a Japanese-Philippine consortium led by Kawasaki Heavy Industries.

The hard-coal-fired power plant – STEAG's third abroad after Colombia and Turkey – took up commercial operation as planned on November 15, 2006.

The electricity it generates will be delivered to the state-owned Philippine utility National Power Corporation (NPC) over a period of 25 years.

The plant has tremendous importance for the development of the entire region. Power requirements on Mindanao (population around 14 million) are growing rapidly due to the growth of the population and the economy. Until now, electricity has been obtained on the island mainly from hydroelectric power stations. According to the projections of the Philippine Energy Plan 2005 – 2014, the existing power plants soon no longer will be able to meet the increasing power needs. The Philippine government therefore elected to provide additional power generation capacities on the basis of hard coal. SPI prevailed in international bidding with its power plant concept.

"The power plant is a sign of German investor confidence in the Philippines and it improves the reliability of power supply in Mindanao," emphasized Secretary of Energy Raphael Lotilla during the plant dedication ceremony. "The power plant also shows the German's excellent concern for the environment, the government gives all-out support for the project."

STEAG not only is investing in reliable power generation on Mindanao, but in ambitious social and environmental programs too. Its subsidiary SPI sponsors and looks after numerous projects in the region: from housing construction to vocational training, from agricultural cooperatives to reforestation. In addition, during the construction phase of about three years as many as 3,000 workers were employed during peak periods, and the large majority of them came directly from the region. There was good reason for this: in keeping with the principle of sustainable development, the power plant project is supposed to promote local business and the regional labor market. On top of that, another 180 jobs for technicians, engineers and administrative personnel were created at the power plant.

A further point of note: for the first time in its history, STEAG engaged an Asian general contractor. Kawasaki Heavy Industries built the power plant

exactly to specification and brought its long years of experience in the Asian market into the partnership. All components of the power plant come from foreign suppliers. This allowed STEAG to gain valuable experience in global sourcing, the worldwide procurement of parts and services. “Of course, this know-how is worth a great deal to a technology leader like STEAG,” says Dr. Alfred Tacke, Chairman of the Management Board of STEAG GmbH. “We are turning the experience gained abroad to account in our current new construction projects in Germany.”

Facts and figures	
Project volume:	USD 305 million
Construction time:	36 months
Commercial operation:	since November 15, 2006
Capacity:	232 MW gross, 210 MW net
Partners:	STEAG GmbH (89 %) State Investment Trust, Inc. (11 %)
Fuel:	imported hard coal

Captions:

Photo no. 1: With a traditional sound of the gong, Dr. Alfred Tacke (Chairman of the Managing Board of STEAG GmbH), Secretary of Energy Raphael Lotilla and Andreas Rubin (Managing Director of STEAG subsidiary SPI) (from right to left) dedicated the power plant.

Photo no. 2: Children from neighboring communities welcomed the guests to the official ceremony

Photo no. 3: The power plant is capable of covering up to a calculated 15 percent of the electric power requirements on the island.

Photo no. 4: About 180 staff members were newly employed for operating the hard coal-fired power plant, among them some control room operators.

Photos: STEAG

- STEAG GmbH, a wholly owned subsidiary of RAG group, is the fifth largest German power generator. Its core business is power generation in hard-coal-fired power plants (eight in the Rhine/Ruhr region and in the Saarland; three abroad), in industrial power plants, and in decentralized energy supply installations. The total installed electric capacity, nationally and internationally, is about 9,000 megawatts. In 2005 the 4,900 employees generated around five billion euros in revenues.