

Press release

30 June 2017

Plans to build Chavalon gas-fired plant dropped

The shareholders of Centrale Thermique de Vouvry (CTV SA) are dropping plans to build a gas-fired power plant in Chavalon. This decision is due to unsuitable regulatory and business conditions in the power industry. Their entire interest has been divested to the Orllati Group.

CTV SA was planning to build a combined-cycle natural-gas plant on the Chavalon site, situated within the municipality of Vouvry, in the canton of Valais. The plant had a projected capacity of 400 megawatts (MW), representing an annual output of 2-3 terawatt-hours and meeting the electricity demand of some 500,000 households.

Following detailed analysis, however, the shareholders of CTV SA – EOS Holding (95%) and Romande Energie (5%) – are abandoning this generation project on account of business and regulatory conditions. Lower power prices on the Swiss and European wholesale markets, compounded by a rise in the cost of CO₂ emission offsets, have jeopardised the power station's profitability.

Furthermore, permit procedures have been taking longer than expected. An appeal lodged against the approved building permit is still awaiting a hearing by the Valais cantonal court. At the same time, permit approvals by the Swiss Federal Office of Energy (SFOE) for a new gas pipeline and a 380 kilovolt power line are still pending. The power plant was initially planned to coincide with the first implementation phase of the federal government's Energy Strategy 2050. It now seems, however, that gas-fired plants may no longer be part of the equation.

Site to be rehabilitated

EOS Holding and Romande Energie have sold their entire interest in CTV SA to the Orllati Group, which consequently now owns the Chavalon site. The Orllati Group, a mainstay in the Western Swiss construction industry, has been expertly decommissioning and rehabilitating the site since February 2009. It will continue to be responsible for this process.

EOS Holding and Romande Energie are mindful of current and prospective conditions in the Swiss power industry, especially with the Energy Strategy 2050 due to come into effect. They therefore plan to focus investments on supporting hydropower and developing other sources of renewable energy – areas in which they have already made substantial progress.

Note to editorial desks

This press release is being issued outside the trading hours of the SIX Swiss Exchange as required by the SIX Listing Rules on ad hoc publicity.

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