

Pannonplast

Introduction



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2007
Budapest
Kogart

Definition of RENEWABLE ENERGY AND ENERGY SOURCES

**Act CX of 2001 on Electric Power in a uniform structure with the
Governmental Decree no. 180/2002 (2308) on the enforcement thereof**

Renewable energy: energy generated from renewable energy sources

Renewable energy sources: non-fossil energy sources that depend on weather conditions (sunshine, wind), non-fossil energy sources that do not depend on weather conditions (geothermal energy, hydraulic power, biomass, as well as energy sources directly or indirectly produced from biomass), gas and biogas originating from landfill sites or wastewater treatment facilities.

Objectives associated with the production and support of ELECTRIC POWER generated from renewable energy sources in the EUROPEAN UNION I

Environmental objectives: considerable reduction of the emission of greenhouse gases, primarily CO₂. [1] Reduction of the emission of regional and local pollutants.

[1] COM(2005) 627 on the support of electric power generated from renewable energy sources, final version: 12.07.2005

Economic objectives: Improving economic and social outlooks, especially in rural and isolated areas. With the establishment of power plants under the capacity of 50 MW in underdeveloped or developing environments, and thus with the supply of energy to microregions at calculable and lower rates the development of these areas can be promoted as irrespective of the given industrial sector. Creation of competitive edges.

Objectives associated with the production and support of ELECTRIC POWER generated from renewable energy sources in the EUROPEAN UNION II

Agricultural objectives: With the supply of energy at calculable and lower rates, the promotion of the sustenance of agricultural diversity, the development of rural life [1].

Creation of jobs: In the construction and operating phases, energy-generation investments have the potential to help the common, serious employment problems of microregions with disadvantages and multiple disadvantages, and the same end can be pursued via the feasible agricultural/horticultural activities that still have not been implemented in the lack of sufficient energy.

Innovation: The improvement of the technology, the generation of electric power in a more efficient manner. Implementation of new solution as based preferably on renewable energies (electric power + district heating), with special respect to the relevant EU Directive pertaining to the support of district heating in the "Community level" sector" and being in the process of drafting.

[1] On the rural development support to be granted from the European Regional Development Fund (ERDF), Axis 3, 1698/2005/EC (20.09.2005)

Criteria of selection

In which Hungary has excellent endowments

Which in our opinion satisfies the foregoing set of criteria

**From which the profitability of energy production is not exposed to the risk
embodying in the volatility of base materials**

**Which enables energy generation that is not dependent on weather
conditions**

AND which segment means the foundation of Pannonplast's new strategy

GEOHERMAL ENERGY

Participants

Professional partner: VGK-Hönnun

Sigurður St. Arnalds, Chairman of the Board of Directors

Runolfur Maack, Managing Director

Helga Tulinius, Project Manager, Chief Geologist

Helgi Gunnar Vignisson, Chemical Engineer

Legal support:

Köves & Partners Clifford Chance

DLA Wiess Tessbach, Horváth & Partners Law Offices

Zoltán Faludi, Partner, Köves & Partners , Chief Energy Lawyer

Gábor Molnár, Senior Lawyer, DLA Law Office

Member of the European Parliament, Member of the Committee on the Environment

Péter Olajos

Ministry of Environment and Water

Dr. Csaba Nemes, Head of Department

Municipality

Szentlőrinc - Dr. Márk Győrvári, Mayor

Pannonplast

Balázs Bokorovics, Chairman of the Board of Directors

Dénes Gyimóthy, Acting CEO and CFO

PROGRAM

Presentation of the agreement made between Pannonplast and VGK-Hönnun

VGK-Hönnun, introduction

VGK-Hönnun, geothermal experience, risks, Husavik, Exorka international licenses

VGK – Hönnun, international experience, El Salvador, Germany – Kalina (4X5 MW), Nicaragua (18 MW), Australia - Cooper Basin (1 MW)

BREAK

VGK- Hönnun, Hungary's geothermal potentials

Kalina technology and Hungary

BREAK

A summary of the Hungarian legal regulations, the EU's energy policy

Opportunities offered by the European Union's direct supports, evaluation of geothermics, the German example, uniform energy policy

BREAK

A municipal example – main conditions of the agreement made with PannonPlast

Investment demands of the foreseeable projects, required own sources, planned P&L and balance sheet

Potential project financiers

Risks of the investment in geothermal power plants/ heating plants, mitigants

Presentation of the agreement made between PANNONPLAST and VGK-HÖNNUN

On 4 September 2006, Pannonplast concluded a comprehensive agreement with VGK (VGK and Hönnun merged later, in January 2007).

The comprehensive, long-term agreement covers the followings:

Phase 1: Data collection and the potential areas proposed

Phase 2: Preparative works for the power plant

Phase 3: Power plant design, technical preparations – planning, development and full-scale chief contracting except for the superstructure (turnkey power plant project)

CONTACT DETAILS

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Thank You very much for you attention



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JOGI FELELŐSSÉGET KIZÁRÓ NYILATKOZAT

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A Pannonplast, kapcsolt vállalkozásai, ezen személyek munkavállalói, illetve tanácsadói a jogszabályok által lehetővé tett legteljesebb mértékben kizárják felelősségüket minden olyan kárért, amely az Információ felhasználásából, vagy a jelen prezentáció esetleges hiányosságaiból származik.

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A jelen prezentáció a Pannonplast, kapcsolt vállalkozásai, ezen személyek munkavállalói, illetve tanácsadói és harmadik személyek között semmilyen jogviszonyt nem kívánt létrehozni.