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Long-term power supply contract with Vattenfall

Billerud has entered a ten-year contract with Vattenfall for electricity supplies. The contract comprises 400 GWh of baseload at a fixed price and an agreement for balancing power and electricity supplies at spot price for a four-year period. The contract also includes portfolio management of electricity and electricity certificates.

”This long-term contract is part of our efforts to secure Billerud’s long-term competitiveness,” says Per Lindberg, managing director of Billerud. “Access to electricity is important for us and with this contract we have covered more than 80 per cent of our total electricity needs via our own production and long-term contracts.”

”We are pleased to have reached this agreement with Billerud. We fully understand the value of long-term power supplies for power-intensive industries in Sweden,” says Hans von Uthmann, vice managing director of Vattenfall and manager of Vattenfall Norden. “It is in Vattenfall’s own interests to offer good, lengthy contracts to basic industry in Sweden,” he continues.

”The contract with Billerud is just one of several examples of Vattenfall’s striving to make long-term contributions to good prerequisites for Sweden’s basic industry,” Hans von Uthmann adds.

Through extensive investment in renewable electricity production, over a period of two years Billerud has reduced its need for purchased electricity from 1100 GWh to 700 GWh. The company is also modernizing its machinery by extensive upgrading of two paper machines in Skärblacka and Gruvön at a cost of 370 million SEK during 2007.

”We do not have time to wait and see whether the electricity market may become less uncertain. Our assessment is that we have entered a good contract and a balanced supply of electricity. We can now go ahead and develop our main line of business which is to deliver competitive packaging solutions,” says Per Lindberg.

The contract is for baseload during the ten-year period 2008-2017, and for electricity at spot price and balancing power for remaining electricity purchases during the period 2008-2011.

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Billerud is a packaging paper company. The company’s business concept is to offer demanding customers packaging materials and solutions that promote and protect their products – packaging that is attractive, strong, sustainable and based on renewable materials. Billerud has a world-leading position within several product segments; within paper for consumer and industrial packaging. Production takes place at three integrated pulp and paper mills in Sweden and at one paper mill in the UK.