



Wien Energie GmbH

Summary

Wien Energie GmbH, a wholly-owned subsidiary of the Wiener Stadtwerke Holding AG, generated a negative operating result (EBIT) in the financial years 2010/11 to 2014. Non-scheduled depreciations of power plants of some EUR 342 million and an addition to pension provisions for employees assigned by the City of Vienna of some EUR 200 million led to negative annual results (operating income) in the financial years 2011/12 and 2013.

Although Wien Energie GmbH recorded a positive operating income in the financial year 2014, this result showed a further deterioration compared to the two previous years after it had been adjusted for one-off effects. The responsible stakeholders failed to guarantee a sustainable financial recovery due to the uneconomic operation of the gas power plants, pension obligations and the largely outstanding measures to improve the results. The indispensable operation of the gas power plants to meet the high demand for district heating has been uneconomic since 2011 due to increasing costs of gas procurement and decreasing electricity revenues. The pension obligations constituted a cost and competitive disadvantage vis-à-vis comparable competitors.

Since 2011 Wien Energie GmbH has seen a restructuring process that was to strengthen its competitiveness and profitability. Strategically, the company relied on decreasing its dependence on gas, on renewable energy resources to diversify its energy sources and on decentralized generation plants to increase its profitability. Furthermore, its energy strategy for 2013 envisaged a sustained improvement of results.

About three years passed from the beginning of the strategic process in early 2011 until the company's bodies had adopted the energy strategy for 2013. The implementation of planned earnings-enhancing measures partly came to a standstill since incentives to cushion staff-related measures, such as the establishment of a company-wide job market, did not materialize.

In general, the procurement procedures audited by the ACA were transparent and traceable. As regards the construction project "Hydroelectric Power Plant Opponitz", the inadequate quality of the service specifications resulted in an increase of the overall costs. Compared to the initial offer by the bidder, the rise in costs amounted to some EUR 347,000, equalling some 7% of the total billed amount.

After irregularities and price arrangements in the framework of the awarding of contracts at Fernwärme Wien GmbH had been brought to light in 2012, Wien Energie GmbH introduced a compliance management system in 2013, which examined suspected cases in a systematic way. The Austrian Court of Audit detected room for improvement regarding the implementation of formal requirements of the corporate directive.

Downloads

- [Wien_2016_05_1.pdf](http://www.rechnungshof.gv.at/fileadmin/downloads/_jahre/2016/berichte/teilberichte/wien/Wien_2016_05/Wien_2016_05_1.pdf)
(http://www.rechnungshof.gv.at/fileadmin/downloads/_jahre/2016/berichte/teilberichte/wien/Wien_2016_05/Wien_2016_05_1.pdf) 2 MB