

## **Climate Change Transition Risk - Regulatory Change Risk**

1. Based on the scenario proposed by the International Energy Agency (IEA) to achieve net-zero emissions by 2050, the recommended proportion of renewable energy are 29% in 2020, 60% in 2030, and 90% in 2050. Assuming proportional growth of renewable energy between 2020 to 2030, the proportion of renewable energy used in 2025 would be  $(29\% + 60\%)/2 = 44.5\%$ .
2. Assuming that government's pathway to net-zero emissions follows the IEA scenario and requires Chunghwa Telecom to comply with the regulations, Chunghwa Telecom would need to utilize 671.55 million kWh of renewable energy in 2025 (assuming the electricity consumption in 2025 remains the same as in 2020, which is 1,509.09 million kWh, and the proportion of renewable energy is 44.5%). Therefore, with the real increased cost of purchasing green electricity being 1.5871 kWh/NT\$, Chunghwa Telecom must increase its operating costs by approximately NT\$1.066 billion to comply with national regulations.

(1) Expected renewable energy usage in 2025: 1,509,090,000 kWh\*44.5%=671,550,000 kWh

(2) Expected increase in operating costs for 2025: NT\$1.5871/kWh\*671,550,000 kWh = NT\$1.066 billion