

Enea Group Poland

Sectors: Coal Electric Power Generation, Coal Mining, Electric Power Distribution

● On record

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Sector	Coal Electric Power Generation, Coal Mining, Electric Power Distribution
Headquarters	
Ownership	<i>listed on Warsaw Stock Exchange</i> 51.5% of Enea is owned by the Polish state. Other major shareholder include OFE PZU Żłota Jesie (4.98%), OFE Aviva Santander (3,84%) and OFE Nationale-Nederlanden (3,47%). Enea's complete share holders structure can be viewed here .
Subsidiaries	Bogdanka – Poland Enea Wytwarzanie S.A. – Poland
Website	http://www.enea.pl

About Enea Group

The Enea Group is a Polish coal mining and power company based in Poznan. Enea operates in several sectors of the energy market: coal mining, generation of electricity, energy distribution and energy trade. It has separate [subsidiaries](#) focused on each of these areas.

Enea owns the Bogdanka coal mine which produces 9 million tonnes of coal annually, 2 large hard coal power plants Koźienice (4 GW) and Połaniec (1,8 GW), and is constructing a new 1 GW unit Ostrołęka C. Founded in 1904, the company is among four largest energy group in Poland. In September 2017 it held assets totalling PLN 25.75 billion (USD 7.53 billion).

Latest developments

Construction halted on Ostrołoka C 1-GW coal power plant

May 20 2020

Extension of the analyses period within the Ostrołęka "C" Project

May 7 2020

Why this profile?

Enea is a Polish energy utility which owns a hard coal mine and over 6GW capacity in coal units, is constructing a new 1GW coal unit in Ostrołęka and plans to develop gas capacities. It does not have a climate policy and its strategy of reducing CO2 emissions is incompatible with IPCC recommendations, the Paris Agreement and the European 2050 net zero goal.

Impacts

Social and human rights impacts

Several of Enea Group's operations are responsible for severe adverse impacts on the health of local people:

- Enea's Koźienice coal power plant was responsible for an estimated 650 premature deaths, 320 cases of bronchitis and 186,500 days of absence from work in 2013, and health costs due to pollution caused by this plant amounted to an estimated EUR 920 million in 2013 ([Europe's Dark Cloud, 2016](#)). Greenpeace estimates that the new unit at Koźienice (planned capacity of 1,000 MW) will result in an estimated additional 72 premature deaths and 16,352 days off work annually ([Greenpeace Poland, 2013](#));
- The pollution effects of Enea's Polaniec coal power plant result in an estimated 178 premature deaths each year ([Lifting Europe's Dark Cloud, 2016](#));
- The planned Ostrołęka C coal power plant will be, over its projected lifetime of 40 years, responsible for an estimated 900 to 2,000 premature deaths, 280 to 620 cases of chronic bronchitis in adults, 1,300 to 3,000 cases of bronchitis in children, between 190,000 to 420,000 days of sick leave and 100,000 asthma attacks in children (estimated statistics taken from the analysis 'Study on the health impact of the planned Ostrołęka C unit').

Environmental and climate impacts

Coal combustion has strong adverse impacts on the environment and climate. In 2018 Enea's overall production of 26,5 TW energy resulted in emission of 22,6 million tons CO₂. These pollutants are responsible for having major adverse climate change impacts, as well as on the environment and public health.

Enea is one of the 10 most emission-intensive companies in the EU. In 2019 its Koźienice Power Plant ranked 5th among Europe top emitters (no. 1 hard coal power plant), having emitted 14,88 million tons CO₂ - more than Ryanair's annual emissions.

Enea is also building a new 1 GW coal power plant Ostrołęka C which would emit about 6 million tons of CO₂ annually.

The utility has no climate policy or decarbonisation strategy. Enea's schedule of its coal units decommissioning is at odds with the Paris Climate Agreement, the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and EU 2050 climate neutrality goal. Although Enea assured that the shutdowns of old units in Koźienice would start as early as 2016, this date has been postponed to 2029 with a 230 MW unit planned to be shut down in 2032, two 560MW units in years 2041-42 and 1 GW unit to be operating until 2050. A total of 1,5 GW capacity of Polaniec coal power plant is to be decommissioned in 2034, its remaining unit in 2042. Ostrołęka C (currently suspended) would emit greenhouse gases until 2064.

Secondly, producing energy from coal requires heavy usage of water. In Poland, 70 per cent of water usage is used for the production of energy from coal, compared with the EU average of 13.7 per cent. Koźienice plant can use almost 100 m³ cooling water. In order to increase access to water for Koźienice, Enea is planning to build a dam on the river Vistula. The interruption of the ecological continuity of the Vistula will have [direct negative impacts](#) on at least six Natura 2000 areas within the basin of the upper Vistula in which Atlantic salmon are protected.

Bypassing the law, Enea has already built a threshold on the Vistula River for Koźienice Power Plant, which has become a physical barrier to endangered and protected fish species including those protected under the European Natura 2000 network.

The company's operations are also linked to several incidents of accidental pollution. In June 2014, a failure in the Koźienice power plant resulted in oil flowing into the Vistula river ([wiadomosci.dziennik.pl](#)). In the winter of 2016 thousands of dead fish were found near the water intake in the area of Enea's Polaniec power plant. Their deaths may have resulted from the hot water discharge by the plant ([echodnia.eu](#)).

Governance

Updates

Construction halted on Ostroloka C 1-GW coal power plant

May 20 2020

Polish energy companies Enea and Energa late [on May 19 announced](#) they were ending their involvement with construction of the Ostroloka C coal-fired power plant, after new co-owner PKN Orlen said it would not be involved in the project if it utilizes coal.

Extension of the analyses period within the Ostrołęka "C" Project

May 7 2020

On 7 May 2020 companies Energa SA and Enea S.A. decided to extend the analytical period regarding further actions of the Ostrołęka "C" Power Plant construction project with a capacity of approx. 1,000 MW, which according to the original assumptions of the utilities, were to be completed by 7 May 2020. The companies assume [that analysis will last about a month](#).

Enea and Energa Group announce Ostroloka C coal power plant suspended

Feb 14 2020

The Management Board of Energa announced that on February 13, 2020 an Agreement Concerning Further Activities in the Ostrołęka Project C was concluded between Energa and Enea. They decided to suspend financing for the project for the construction the planned Ostrołęka C coal power plant ([Energa press release](#)).

Court win in world-first climate risk case puts future of Ostrołęka C coal plant in question

Aug 1 2019

The District Court in Poznań has ruled that the company resolution authorising construction of the EUR 1.2 billion, 1GW coal-fired power plant, a joint venture between two Polish energy companies, Enea and Energa, was legally invalid. This should prompt a major rethink by the companies and their boards, and could spell the end for the costly project, which still lacks over PLN three billion in necessary financing ([ClientEarth press release](#)). ClientEarth brought the legal case against Enea over the Ostrołęka C project in October 2018, based on evidence that it poses unjustifiable financial risk to shareholders.

Poland's first free online calculator shows coal Ostroloka C's (un)viability

Jun 27 2019

Instrat analysts publish an [open-source online viability \(NPV\) calculator of the coal power plant Ostroloka C](#) So far, [four studies on Ostroloka C have been published](#) showing a loss between PLN -2.3 bn to over PLN -6.2 billion negative NPV - much more than the investment CAPEX. The latest update sheds an even more negative light on the project - the baseline scenario suggests a loss of PLN - 7.5 bn and electricity price of 500 PLN/MWh (LCOE, 117€/MWh). That is 1/3 more than the electricity cost from photovoltaics (360 PLN/MWh) and almost twice of onshore wind farms (260 PLN/MWh, IRENA). The model gives a detailed overview of the economic situation of all similar new coal-fired power plants in Poland and Europe. The model is based on CC-BY SA 4.0 license.

Shareholders seriously concerned - Enea under fire of questions about the rationale behind Ostrołęka C

May 23 2019

Ostrołęka C provoked a heated discussion during the General Meeting of Shareholders of Enea on 20 May 2019. The shareholders are seriously concerned about the growing debt of the company, which, as one of them said, "has been running up a debt to invest in something that does not bring profits".

The company's communication of 2 May [on the agreement with Energa on financing the Ostrołęka C project - editorial note] states that the parties undertook to strive to ensure that the results of the Ostrołęka C Power Plant will not be consolidated with their results. Since Enea holds a 50% stake in a project that it does not want to consolidate, it means one thing to me - according to your financial analyses the project is loss-making - commented one of the shareholders.

[Read more on the story](#)

The Office of Competition and Consumer Protection (UOKiK) was notified of suspected use of practices restricting competition related to PGE's involvement in the Ostrołęka C development.

Apr 20 2019

The Office of Competition and Consumer Protection (UOKiK) was notified of suspected use of practices restricting competition related to PGE's involvement in the Ostrołęka C development.

The case concerns the intention to concentrate on the energy generation market with the participation of energy companies ENEA S.A., Energa S.A. and PGE S.A. in connection with the construction of the Ostrołęka C coal-fired power plant, which was not notified to the Office of Competition and Consumer Protection. On 7 January 2019, in its current report no. 1/2019, PGE S.A. announced its intention to join the construction of Ostrołęka C Power Plant. We could learn more about PGE's talks with Enea and Energa in an article by Karolina Baca-Pogorzelska "Ostrołęka more expensive and... Chinese" published in Dziennik Gazeta Prawna:

As we have established, the recently invited Polish Energy Group (PGE) decided to contribute to the investment, despite the fact that it bears the costs of completing its coal projects in Opole and Turow, and plans to build wind farms in the Baltic Sea. It is speculated that in return, PGE could finally get the green light for consolidation of the energy sector (we wrote about a possible monopoly or energy duopoly a year ago). According to our information, PGE could first "swallow" Energa, the acquisition of which had been blocked by the Office of Competition and Consumer Protection before it obtained stock exchange listing. When asked, PGE replies that it will not comment on any discussions regarding Ostrołęka C.

[More on the story](#)

New report smashes Ostrołęka C - the power plant shows deep unprofitability

Aug 30 2018

The latest report by Michał Hetmański, Instrat Foundation, "[Ostrołęka C - what's next with the last coal-fired power plant in Europe?](#)" shows complete lack of profitability of the largest new coal-fired power plant in the EU and serious legal doubts connected with it. Ostrołęka C can get only 15% of its revenues from the capacity market. **Even under optimistic assumptions it will never provide investors with return on the investment.** Ostrołęka C requires "adding" at least PLN 2.3 billion throughout its life cycle, i.e. an additional approx. 50% of the construction cost. In the optimistic scenario of a very slow increase in the prices of CO₂ emission allowances and rapid rise in electricity prices - the power plant still turns out to be unprofitable. The power plant can generate electricity (LCOE) at a price of 488 PLN / MWh or even 505 PLN / MWh. This is much more than in the case of just recently developing Polish wind farms (300), offshore farms (420) and even photovoltaic (440).

Extraordinary General Meeting of ENEA S.A. convened for 24 September 2018

Aug 30 2018

On 24 September 2018 a resolution on expressing qualified consent to commence the Construction Stage in the project Ostrołęka C will be put to shareholders vote. The qualified consent is necessary to commence the Construction Stage in the project Ostrołęka C 'consisting in the preparation, construction and exploitation of a bituminous coal fired power unit for supercritical parameters of steam with a gross capacity around 1,000 MWe'.

Financiers

The Enea Group has received finance from several financial institutions. A list of bonds underwriting and corporate loans ([Enea's 2017 annual report](#)) can be viewed below. The five bonds issued are:

- PLN 3 billion (expires 2020), led by PKO BP, Bank PEKAO, BZ WBK, Bank Handlowy
- PLN 1.0 billion (expires 2026) and PLN 0.150 billion (expires 2027), led by BGK
- PLN 1.5 billion (expires 2021), led by ING Bank Śląski, PKO BP, Bank PEKAO, mBank
- PLN 301.911 million (expires 2018), led by Bank PEKAO

Banks

Bank Gospodarstwa Krajowego Poland [profile](#)

[Details ▼](#)

Bond issue – underwriter PLN 1 billion - 2026

source: Enea Group Consolidated Annual Report 2016

[link](#)

Bond issue – underwriter PLN 300.041 million - 2021

Co bonds underwriting with Bank Pekao totalling PLN 300,041 million

source: Enea Group Consolidated Annual Report 2016

[link](#)

Bank Pekao

[Details ▼](#)

Bond issue – underwriter PLN 1.5 billion - 2021

Co bonds underwriting with ING Bank Slaski, PKO and mBank totalling PLN 1,5 billion

source: Enea Group Consolidated Annual Report 2016

[link](#)

Bond issue – underwriter PLN 1.951 billion - 2020

Co bonds underwriting with PKO, Bank Zachodni and Citi Handlowy totalling PLN 1.951 billion.

source: Enea Group Consolidated Annual Report 2016

[link](#)

Bond issue – underwriter PLN 300.041 million - 2018

Co bonds underwriting with BGK totalling PLN 300.041 million

source: Enea Group Consolidated Annual Report 2016

[link](#)

Bank Zachodni WBK

[Details ▼](#)

Bond issue – underwriter PLN 1.951 billion - 2020

Co bonds underwriting with PKO, Bank Pekao and Citi Handlowy totalling PLN 1,951 billion

source: Enea Group Consolidated Annual Report 2016

[link](#)

Citi United States [profile](#)

[Details ▼](#)

Bond issue – underwriter PLN 1.951 billion - 2020

Via its subsidiary Citi Handlowy co bonds underwriting with PKO, Bank Pekao and Bank Zachodni totalling PLN 1,951 billion

source: Enea Group Consolidated Annual Report 2016

[link](#)

ING Netherlands [profile](#)

[Details ▼](#)

Bond issue – underwriter PLN 1.5 billion - 2021

Via its subsidiary ING Bank Slaski, co bonds underwriting with PKO, Bank Pekao and mBank totalling PLN 1.5 billion.

source: Enea Group Consolidated Annual report 2016

[link](#)

PKO Bank Polski Poland [profile](#)

[Details ▼](#)

Bond issue – underwriter PLN 1.5 billion - 2021

Co bonds underwriting with ING Bnak Slaski, Bank Pekao and mBank totalling PLN 1,5 billion

source: Enea Group Consolidated Annual Report 2016

[link](#)

Bond issue – underwriter PLN 1.951 billion - 2020
Co bonds underwriting with Bank Pekao, Bank Zachodni and Citi Handlowy totalling PLN 1.951 billion.
source: Enea Group Consolidated Annual Report 2016
[link](#)

mBank

Details ▼

Bond issue – underwriter PLN 1.5 billion - 2021
Co bonds underwriting with ING Bank Śląski, PKO and Bank Pekao totalling PLN 1,5 billion
source: Enea Group Consolidated Annual Report 2016
[link](#)

Debt – corporate loan PLN 100 million - 2018
source: Enea Group Consolidated Annual Report 2016
[link](#)

Government funding

Narodowy Fundusz Ochrony Środowiska i Gospodarki Wodnej (NFOSiGW)

Details ▼

Debt – corporate loan PLN 19.106 million - 2026
source: Enea Group Consolidated Annual Report 2016
[link](#)

Debt – corporate loan PLN 8.269 million - 2018
source: Enea Group Consolidated Annual Report 2016
[link](#)

Wojewódzki Fundusz Ochrony Środowiska i Gospodarki Wodnej w Lublinie (WFOS)

Details ▼

Debt – corporate loan PLN 3.273 million - March 2024
source: Enea Group Consolidated Annual Report 2016
[link](#)

Debt – corporate loan PLN 20.002 million - March 2024
source: Enea Group Consolidated Annual Report 2016
[link](#)

Multilateral development banks

European Investment Bank

Details ▼

Debt – corporate loan PLN 200 million - 2032
source: Enea Group Consolidated Annual Report 2016
[link](#)

Debt – corporate loan PLN 1.425 billion - 2030
source: Enea Group Consolidated Annual report 2016
[link](#)

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