

Ostroleka C power plant Poland

Sectors: Coal Electric Power Generation, Gas Electric Power Generation

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[Project website](#)

Sectors	Coal Electric Power Generation, Gas Electric Power Generation
Location	
Status	Planning Design Agreement Construction Operation Closure Decommission
Website	http://elektrowniaostroleka.pl/

About Ostroleka C power plant

Ostroleka C was originally proposed as a (hard) coal power plant, equipped with [ultra-supercritical technology](#), with an electric power output expected of up to 1,000 MW. As a joint venture project of 100% state-owned Energa (as of April 2020 owned by PKN Orlen) and the majority state-owned Enea, it was said to be the last new-built coal power plant Poland. However, Energa and Enea halted finance for the EUR 1.4 billion project in [February 2020](#) after struggling to obtain external financing. On [May 19 2020](#) PKN Orlen stated it would only continue the project if coal was replaced by gas. The shift to gas has delayed the project, which is now expected to be completed in [2023](#).

Latest developments

PKN Orlen signs an investment agreement with PGNiG on Ostroleka C

[Dec 22 2020](#)

PKN ORLEN and PGNiG sign a letter of intent concerning construction of a 750 MW gas unit Ostroleka C

[Sep 9 2020](#)

What must happen

All corporate loans and bond issuances should be avoided by all banks as long as Energa is pursuing its plans to switch to a gas fired power plant. Even loans or hybrid bonds that are targeted to grid expansion, modernisation and renewable energy sources (i.e. for Ostroleka Operator) may end up supporting the construction of Ostrołęka C. No insurer should underwrite this project. The fact that currently [62%](#) of electricity generated by Energa is fossil fuel-based, the vast majority being coal, and the construction of the unit would push the fossil fuel dependency even higher, and that the project has already been shelved in 2012 due to a lack of financing (at that time all permits had been granted), means that the government taking decisions for

Energa is serious about its plans to finish the construction of the unit at all costs – even if this is undermining the company's value and puts it at risk of becoming a stranded asset in less than a decade.

Impacts

Social and human rights impacts

The main social issues associated with the project are health-related and economic. First of all, the switch to gas for this power plant means that the region will be locked into an outdated mode of energy production for the next 40-50 years, and thus will not be able to transition into a renewable-based society. This will have long lasting economic and health impacts. Should it become tied to this form of energy production, the local population will be exposed to high rates of pollution. In particular, this will produce health-related problems from coal ash and air pollution caused by burning coal. At the same time, the water pollution (especially mercury runoff) which results from coal burning only adds to the list of coal-related dangers.

According to independent experts, over its entire 40-year lifespan the Ostrołęka C power plant would cause between 900 and 2,000 premature deaths, over 3,000 cases of bronchitis, and between 50,000 and 100,000 cases of asthma attacks in children. The number of lost work days amounts to approximately 420,000. Health costs of Ostrołęka C were estimated at up to EUR 690 million.

The Ostrołęka C power plant is going to block renewable sources of energy (RSE) investment possibilities in the region as well as the related energy services. It may become a burden to the Polish energy system. The region is rich in agriculture which makes it particularly suitable for developing renewable energy. According to independent experts developing RSE offers 45% more workplaces than Ostrołęka C. In the likely case when the coal is imported from abroad (most probably from Russia) – the Ostrołęka C Power Plant would employ only 250 people as the majority of workplaces would be transferred outside the Polish territory. Consequently, the employment rate related to renewable energy will be 1,200% higher.

The investment in the renewable energy, which seems to be a good alternative for Ostrołęka C, creates an investment market in the energy sector for Prosumer Energy Independent Investors reaching from BNL 10 to 17 billion for the country, and for the Ostrołęcki micro-region (RSE sources covering the local energy needs) between PLN 670 and 870 million.

Environmental and climate impacts

The burning of coal is one of the most polluting forms of energy production. It causes significant changes to air quality through emissions of GHGs (approximately 6 million tons of CO₂ annually over a 40-year lifespan), has impacts on the climate of the region and the planet and causes water pollution. In the case of Ostrołęka C, the zone of the planned power plant covers two Natura 2000 regions: Dolina Dolnej Narwi (Lower Narew Valley) PLC200003 and Doliny Omulwi i Plodownicy (Omulwia and Plodownica Valley) PLB140005, and will also have an indirect impact on Puszcza Biała (Biala Forest) PLB140007. Mercury produced in the process of coal burning has serious effects on water quality and the emissions from the plant affect both the fauna and the flora of the protected areas. Furthermore, there has been neither a climate impact assessment or a comparison with alternative fuel sources carried out, thus the choice of coal is made based on the investors' preference, limiting public participation in the fuel selection process.

Other impacts

Project unviability

Construction costs of this power plant are PLN 6.02 (USD 1.55) billion. So far, five studies on Ostrołęka C have been published, the last two being viability studies of the project. According to the study published by Carbon Tracker in August 2018, Ostrołęka C would have a projected negative net-present-value (NPV) of EUR 1.7 bn (USD 1.87 bn). The model projected the plant would be permanently unprofitable, without out-of-market revenues in the form of capacity market payments to offset operational losses.

In an optimistic scenario presented by Instrat in August 2018, the loss Ostrołęka C would bring was estimated at PLN -2.3 bn (USD -0.59 bn), while later updates indicated over PLN -6.2 (USD -1.59) billion negative NPV - much more than the investment CAPEX. Despite having secured a vast subsidy of 2.7 bn PLN (USD 0.69 bn) in the form of a 15-year long capacity market contract, the unit would still bring no profit at all for the investors.

The update of Instrat report of June 2019 sheds an even more negative light on the project. The baseline scenario suggests a loss of PLN -7.5 bn (USD -1.93 bn) and electricity price of 500 PLN/MWh (LCOE, USD 128/MWh). That is 1/3 more than the electricity cost from photovoltaics (360 PLN/MWh, USD 92.5/MWh) and almost twice of onshore wind farms (260 PLN/MWh, 66.8 USD/MWh) according to IRENA, the International Renewable Energy Agency. This update is accompanied with an open-source viability (NPV) calculator along

with an excel spreadsheet. Users can choose from a number of scenarios, such as official government forecasts of electricity prices (the PEP2040 project of the Ministry of Energy) or coal and CO2 prices. The model has been set up for a particular coal power plant under construction in Poland, but it can be easily calibrated offline to evaluate other investment projects run under different regulatory conditions. The model is available at <http://instrat.pl/ostroleka-kalkulator/>

On December 2, 2019 Polish Minister for Development Jadwiga Emilewicz disclosed that it is highly likely for Ostrołęka C construction costs to reach PLN 8-9 bn (USD 2-2,3 bn). The Minister said that "the project may need to be adjusted in the light of EU climate policy". It is currently not known in what form the Ostrołęka C power plant will be built. According to the Minister, the decision is to be taken within six months.

Governance

Brief history

Ostroleka C is part of the Ostroleka power station. Ostroleka A is a hard coal plant built in 1956 and consists of a combined heat and power plant with a capacity of 93 MW and 456 MW, respectively. Ostroleka B, built in 1972, consists of three hard coal units with a combined capacity of 647 MW. Recently, local NGOs started a campaign to decommission Ostoleka B by 2026.

[Numerous experts](#) warn that Ostroleka C will be permanently unprofitable, [harmful to human health](#), economy and environment, and that it will jeopardize Poland's energy independence. The case of Ostroleka C has been under proceedings of the Energy Regulatory Office (URE), [Supreme Audit Office \(NIK\)](#), [Antitrust Authority \(UOKiK\)](#) and [Financial Supervision Authority \(KNF\)](#). It has also been criticized by local residents, while [social organizations](#) and the [Marshall of Mazovia](#) appealed to the Prime Minister Mateusz Morawiecki to cancel this project. All decisions and permits crucial for the construction and operation of Ostrołęka C power plant have been challenged before Polish courts. The proceedings are pending. In 2018 two lawsuits against Enea were filed by its shareholders - [ClientEarth](#) and one of Enea's trade unions [Synergia](#). On August 1st 2019 [ClientEarth won the case](#), which put the future of the coal-fired power plant Ostrołęka C in question.

Although financing for this project was to have been completed by January 28th 2019, the utilities lack approximately PLN 2 billion of construction costs. It remains unknown which banks would support Ostrołęka C though involvement of BGK and PKO SA has been rumoured while mBank, ING BŚ and PKO BP stated they won't finance this project. Neither Polish utility PGE nor Polish Development Fund, which have been rumoured to become the third investor of this project, have joined.

Energa had already shelved the Ostrołęka C project in 2012 due to its unprofitability. Poland's Highest Chamber of Control confirmed this decision as justified and denied Ostroleka C being necessary for ensuring state's energy safety. The plan to build this power plant was re-launched in 2015 as one of the electoral promises of the ruling Law and Justice (PiS) which came to power later that year. Minister for Energy Krzysztof Tchórzewski (2016-2019) was its major backer, the plant being located in his constituency. In December 2018, at COP24, [Minister Tchórzewski admitted](#) that building Ostrołęka C is against Poland's economic and environmental interest.

The power plant entered construction phase in summer 2019. In November 2019 the newly appointed Minister for Climate Michał Kurtyka announced that Ostrołęka C was the investors' sole responsibility while the former Vice Minister for Energy and current Member of European Parliament Grzegorz Tobiszowski said it was doubtful it would ever be completed. In December 2019 Polish energy and economy portal Biznes Alert announced that there was a political decision to cancel the project. It was later denied by the government and Energa S.A.

Construction costs of this power plant are PLN 6.02 billion. On December 2, 2019 Polish Minister for Development Jadwiga Emilewicz disclosed that it is highly likely for Ostrołęka C construction costs to reach PLN 8-9 billion (USD 2-2.3 billion).

[Analysis of investment profitability by Instrat](#) has shown that Ostrołęka C will never provide investors with return on the investment. Despite having won a 15-year long capacity agreement worth ca. PLN 2.7 billion, Ostrołęka C requires "adding" PLN 6.2 billion throughout the life cycle of the power plant. As the analysts from [Carbon Tracker conclude in their report](#) - Ostrołęka C will burn more money than coal. The update of Instrat report of June 2019 sheds an even more negative light on the project. The baseline scenario suggests a loss of PLN 7.5 billion and electricity price of 500 PLN/Megawatthour. That is a third more than the electricity cost from photovoltaics (360 PLN/MWh) and almost twice of onshore wind farms (260 PLN/MWh) according to IRENA (the model is [available here](#)).

The Ostrołęka C project has gained vast publicity in Poland, having been criticized not only by financial and energy experts, but also by

the Polish climate movement. The largest Polish State-owned bank PKO BP and the Polish branch of Commerzbank – mBank – have already come under heavy wave of criticism as has the largest Polish insurer PZU.

On 12th July 2018 the GE Power-Alstom consortium signed a contract for construction of Ostrołęka C TPP worth EUR 1.4 billion. As a response, [EuroRating agency downgraded Energa's rating to BBB-](#).

On February 14th 2020 construction works were suspended.

On May 19 2020 PKN Orlen, new owner of Energa and co-owner of its subsidiary Elektrownia Ostrołęka C, stated it would only continue the project if coal was replaced by gas. Following this statement, Energa and Enea announced that after taking into account the write-down of over PLN 1 billion, the value of the investment in the consolidated and separate statement of financial position will be PLN 0.

Updates

PKN Orlen signs an investment agreement with PGNiG on Ostrołęka C

Dec 22 2020

On 22 December 2020 PKN Orlen signed an investment agreement with PGNiG S.A. (“PGNiG”) and ENERGA S.A. (“ENERGA”), on directional principles of cooperation in construction of gas power plant in Ostrołęka C Power Plant. The Parties of the Investment agreement will set up a new company that will acquire selected assets and liabilities necessary to realize the Gas Project, from the SPV Elektrownia Ostrołęka Sp. z o. o. PKN ORLEN and ENERGA will acquire jointly 51% of shares in the share capital of the newly established company and PGNiG will acquire the remaining 49%. The Parties assume that all factors enabling establishing of the new company, including approvals of relevant antitrust authorities, will be realized by 30 June 2021. PGNiG will be able to join the newly established company after conducting due diligence of the Gas Project and obtaining PGNiG corporate bodies approvals.

PKN ORLEN and PGNiG sign a letter of intent concerning construction of a 750 MW gas unit Ostrołęka C

Sep 9 2020

[The Parties declared](#) the will to start talks to analyse possibilities of building a gas power plant and development of biogas plant. The scope of Projects includes building a CCGT block in Ostrołęka with the net power of ca. 750 MW by the end of 2024 and analytical and development works on biogas production with a target to create a technological, science, law and economic base to create a biogas plants network with the power of ca. 2,0-2,2 MW each by the end of 2025. The parties will make its best effort to prepare the draft Agreements by 30 October 2020.

The Letter of intent is does not constitute legally binding obligation of the Parties to realise the Projects.

Enea & Energa's final analysis: coal-fired Ostrołęka C unjustified, will be continued as a gas power plant

Jun 3 2020

[According to Energa's announcement](#), the conclusions from the analyses do not justify continuation of Ostrołęka C project in its existing form, i.e. the project to construct a power plant generating electricity in the process of hard coal combustion. The following aspects have, among other things, influenced the above evaluation:

(i) regulatory changes at the level of the European Union and credit policy of individual financial institutions, indicating a significantly higher availability of financing for energy projects based on gas combustion than coal projects;

and

(ii) takeover of control over the company by PKN ORLEN S.A. (“PKN ORLEN”), whose strategy does not envisage any investment projects in the production of energy based on coal combustion.

At the same time, the technical analysis confirmed that a power plant producing energy as part of natural gas combustion (“Gas Project”) may be built in the existing location of the coal-fired power plant being built.

As a consequence, the Management Board of the Company took a decision intending to continue the construction of the generating unit in Ostrołęka, upon accounting for the change in the fuel source from coal to gas.

PKN Orlen will engage in Ostrołęka C power plant only if it uses gas-based technology

May 19 2020

PKN Orlen [announced](#) that it will only invest in building a power station in Ostrołęka if it uses gas. “We cannot act in isolation from market trends and European Union’s regulatory policies. The investment in Ostrołęka will be conducted but it has to be based on gas technology,” Chief Executive Daniel Obajtek said in a statement.

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](#).

Talanx insures Ostrołęka C [PL]

May 7 2020

At today's general meeting of shareholders of German insurance company Talanx, which owns Warta and HDI operating in Poland, [the company's management board confirmed](#) that it has signed one contract to insure a new power plant or coal mine in Poland since its policy came into force in April 2019. Most likely, it is the construction of the Ostrołęka C power plant.

PKN ORLEN closes the acquisition of the ENERGA Group

Apr 30 2020

[PKN ORLEN](#) has acquired an 80% interest in the ENERGA Group, conferring approximately 85% of total voting rights at its general meeting, in a transaction that has formally made PKN ORLEN the owner of the Gdańsk-based company. The acquisition was the largest transaction of its kind on the Polish fuels and energy market. It took only four months to complete. During that period, PKN ORLEN met all conditions precedent necessary to carry out the acquisition, including reaching the 66% threshold for shares subject to the tender offer. Their final price was set at PLN 8.35 per share

Analysis of technological, economic, financial and other aspects of Ostrołęka C to be completed by May 7 2020

Feb 23 2020

The Management Board of Energa [informs](#) that on 21 February 2020 the companies ENERGA and ENEA signed the Arrangements on the analyses during the suspension of work on the Ostrołęka Project "C". The Arrangements determine the detailed scope and schedule of analyses of technical, technological, economic, organizational and legal aspects as well as financial aspects of the project. According to the Sponsors' assumptions, the multi-stage analysis process will be completed until 7 May 2020.

Enea and Energa Group announce Ostrołęka 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 Ostrołęka C's (un)viability

Jun 27 2019

Instrat analysts publish an [open-source online viability \(NPV\) calculator of the coal power plant Ostrołęka C](#). So far, [four studies on Ostrołęka C have been published](#) showing a loss between PLN 2.3 billion 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 billion and electricity price of 500 PLN/MWh (LCOE, 117€/MWh). That is one third more than the electricity cost from photovoltaics (360 PLN/MWh) and almost twice that 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.

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 - in your financial analyses the project will be loss-making - commented one of the shareholders.

[Read more on the story](#)

Tempus challenges European Commission's approval of Polish energy subsidy scheme

Mar 17 2019

Ostrołęka C's capacity contract might be at risk as UK's [Tempus challenges European Commission's approval of Polish energy subsidy scheme](#), claiming it shuts cleaner, cheaper technologies out of the market and deprives European consumers of a better future. Polish state-run utility companies Enea and Energa said that the subsidies from capacity market would help to finance the new coal-fired unit in the northeast of Poland.

New controversies yet still no financing model

Feb 7 2019

According to the report published by Energa, the financing model for Ostrołęka C project was to be completed by January 28th 2019. The deadline wasn't met yet there has been no announcement from any of the two investors regarding financing. Interestingly, new information has been revealed by the Polish press.

[According to Newsweek.pl](#) the head of the department responsible for investment risk assessment in PZU – the largest Polish insurer which could provide insurance for Ostrołęka C – is no other than Konrad Tchórzewski, son of the minister for energy. The newspaper also undermines the Ministry for Energy's position that this power plant will be beneficial for Poland: *the Americans and the French will earn money on the construction, while Russia will provide coal. What the Poles will get are fines for tons of CO2 emissions and expensive electricity.*

[Dziennik Gazeta Prawna](#) speculates that construction costs may increase from 6 to 8 bln PLN (1.4 to 1.86 bln EUR). In order to reduce them GE Power/Alstom Power, the consortium chosen to be the general contractor, could well hire a subcontractor from China. According to the newspaper's source it could be China Energy Construction Group.

SCOR will neither insure nor reinsure Ostrołęka C

Jan 28 2019

French SCOR - one of the largest European reinsurers - clearly dissociated itself from any involvement in the Ostrołęka C power plant construction project: *While SCOR's general position is not to discuss specific customer relationships, our Group can confirm that SCOR, through its Large Risk Underwriting unit (Business Solutions), is neither involved nor intends to be involved in the procurement of any kind of re/insurance services to the proposed Ostrołęka C 1000 MWe coal-fired plant in Poland. However, SCOR is not in a position to confirm that it will not have any unknown exposure through its treaty underwriting with insurers where, by nature, there is no disclosure of individual risk name* - wrote Claire Le Gall-Robinson, Secretary General of SCOR in response to a letter from the Foundation "Development YES – Open-pit mines NO" and UnFriend Coal dated 28 January 2019.

Coal could be falling from sky, and Ostrołęka C still would not be viable - new study shows

Jan 15 2019

Shortly after the results of Polish capacity market auctions were released, an updated version of the viability study of Ostrołęka C once again showed that burning coal is economic nonsense. Despite a vast subsidy of 2.7 bn PLN (0.6 bn EUR) and 15-year long contract, the unit would still bring no profit at all for the investors. The project would bring investors a negative net present value (NPV) of ca. -6.2 bn PLN (-1.5 bn EUR), compared to -2,3 bn PLN as the previous report showed. This exceeds the investment budget of ca. 6 bn PLN (1.4 bn EUR).

An updated version of the report "Capacity market and the failed rescue. Updated report: Ostrołęka C - next steps for Europe's last coal power plant" by Michał Hetmański from InStrat Foundation embeds latest events and data into the model: capacity market auctions results, reform of the ETS framework and the recently published Polish Energy Policy 2040. Results of the study clearly show deep unviability of the Ostrołęka C project.

[Full Report](#) available in Polish, with [executive summary](#) in English.

Polish utility PGE to join the Ostrołęka C project?

Jan 7 2019

[Energia informed](#) that on January 7th, 2019, Energa and ENEA S.A. , commenced talks with PGE Polska Grupa Energetyczna SA. (PGE) which may result in PGE's involvement in the construction project of the Ostrołęka C Power Plant.

Environmental groups point out that it contradicts PGE's previous statement of October 2018 when PGE declared that the company's priority is not coal investments but wind and gas energy. On 9.10.2018 during the MLE debate "Everything you would like to know about energy prices, but you were afraid to ask" Monika Morawiecka, head of PGE's strategy department, said that the company was not considering involvement in new hard coal projects. PGE's flagship and most important project at that time was to be offshore wind investments and those based on gas.

In response to the information announced on January 7, 2019 that the company was considering joining the Ostrołęka C coal construction project, PGE share prices dropped and [analysts warned that involvement in this investment is risky](#).

[A similar situation arose in September 2018](#) following the news that the FIZAN fund (which belongs to PGE) was planning to pay PLN 1bn for Ostrołęka C was enough for 4,4% decline in the value of the company's shares despite PGE's immediate statement that the money accumulated in the fund did not belong to the utility and that the contract was at an early stage of negotiations.

Management Board of Elektrownia Ostrołęka Sp. z o.o. on the issue a notice to proceed related to the construction of Ostrołęka Power Plant C

Dec 29 2018

On 29 December 2018 the Management Board of ENERGA SA received information that on 28 December 2018 the Extraordinary General Meeting of Shareholders of Elektrownia Ostrołęka Sp. z o.o. had granted its consent to the issue a notice to proceed ("NTP") related to the construction of Ostrołęka Power Plant C with a capacity of 1,000 MW.

On 28 December 2018 the Management Board of Elektrownia Ostrołęka Sp. z o.o. had issued notice to proceed related to the construction of Ostrołęka Power Plant C for the general contractor, a Consortium of GE Power Sp. z o.o. as the leader and ALSTOM Power Systems S.A.S.

Financing model for Ostrołęka C to be announced on January 28, 2019

Dec 29 2018

[According to report published by Energa](#) an agreement was signed, the intention of which is to conclude a new investment agreement specifying the terms of cooperation between the Issuer and ENEA S.A. and financing the Ostrołęka C Power Plant ("Project") in the Construction Phase. ENERGA S.A. and ENEA S.A. declared a financial commitment to the amount of: ENEA PLN 1 billion, ENERGA not less than PLN 1 billion and other investors - in the remaining scope necessary to cover the Project's financial outlays

The **schedule and terms of financial involvement of individual entities will be agreed by January 28, 2019** Energa will inform the conclusion of an agreement or agreements regarding the financing of the Project in a separate current report.

Even with the capacity contract Ostrołęka C will not be able to cope with market realities

Dec 24 2018

The auction of the capacity market for 2023 was closed with a price of PLN 202.99 per kilowatt (kW). According to preliminary results, the new Ostrołęka Power Plant unit will receive a 15-year contract. According to Carbon Tracker economists, Ostrołęka C would need subsidies from the capacity market amounting to as much as PLN 400 for each kW offered, for a period of 15 years.

According to the published preliminary results of Friday's capacity auction, Ostrołęka C power plant will receive a contract, which is a source of additional financing for the investment. However, this does not remove doubts as to the economic rationality of the project. Management of the company is not gambling and therefore the investment of Enea and Energa in the new Ostrołęka C coal unit should not be continued - [says ClientEarth](#).

Ostrołęka C with 15-year capacity contract

Dec 21 2018

On 22nd of December 2018 Polskie Sieci Elektroenergetyczne S.A. published initial result of the capacity market main auction for 2023, including the closing price for the capacity auction which is 202.99 PLN/kW/annum. Elektrownia Ostrołęka Sp. z o.o., in which Energa S.A. holds 50% of shares, concluded capacity agreement for 15 years with a capacity obligation of 853 MW, under which the revenues may amount to PLN 173 million per one year, starting from year 2023 (revenues over a period of 15 years, may amount to PLN 2 596 million), whereas the price of the capacity obligation for long-term capacity contracts will be subject to an annual indexation of the average annual consumer price index.

The auction closing price provided does not constitute the final capacity auction result. The final results of the capacity auction shall be announced by the President of the Energy Regulatory Office in the Public Information Bulletin on his website, on the first working day following the 21st day after the end of the capacity auction. Until then, all contracts of sale of capacity obligations are conditional.

[SOURCE](#)

NTP for Ostrołęka C depends on the result of the capacity auction

Dec 19 2018

Energa S.A. announced that it will vote in favor of adopting a resolution on expressing consent to issue an NTP for the general contractor of Ostrołęka C. The resolution is going to be taken under provided that during a power capacity auction with the delivery period beginning in 2023, the price obtained by 'Ostrołęka C' Project for the power stated in the conditional certificate, i.e. 852,603 MW, for a period of 15 years **is not lower than defined in the auction strategy**.

[Source](#)

Minister of Energy admits that Ostrołęka C is unnecessary and economically harmful

Dec 5 2018

At COP24 in Katowice Minister of Energy Krzysztof Tchórzewski confirmed construction of Ostrołęka C power plant to be against Poland's economic and environmental interest. Now the minister justifies it with the necessity of cooperation with the European Union and the Baltic States and by the need to "meet deadlines". Stop Ostrołęka C coalition comments: no international documents support it. The Ministry of Energy have not presented any strategic document which would confirm that the Ostrołęka C power plant is an important element in the synchronization of the Baltic States' power systems with Continental Europe - neither documents of the European Commission, nor the Polish Power Grid or the Lithuanian operator LitGrid mention it.

To the best of our knowledge, a document stating that Ostrołęka C is necessary for synchronisation with the Baltic states simply does not exist. When other arguments have failed, Minister Tchórzewski reaches for a new, irrational justification for this coal project. Claiming that building a coal power plant is required by European solidarity and, at the same time, lack of any solidarity in protecting the climate by moving away from coal is the height of hypocrisy - comments Diana Maciąga, Climate Coordinator at the Association Workshop for All Beings.

Ostroleka C's owner sued by it's own trade union

Oct 31 2018

Trade union Synergia [filed a lawsuit against Enea](#) for revoking the directional consent for the construction of Ostrołęka C power plant. Trade unionists had been criticising the project for several months as unprofitable and politically driven, and they had presented their concerns directly to Minister Tchórzewski.

World-first climate risk case launched over Ostroleka C

Oct 29 2018

[ClientEarth](#), a shareholder in Enea, has filed a challenge against the company's decision to greenlight the €1.2bn, 1GW Ostrołęka C coal power plant. The resolution authorising the contested plant passed at a shareholder meeting on September 24 2018, despite sharp minority shareholder dissent. The court action hinges on the "indefensible" financial risk the project poses to investors due to rising carbon prices, increased competition from cheaper renewables and the impact of EU energy reforms on state subsidies for coal power under the capacity market.

Investor LGIM-lack of funds for Poland's planned Ostroleka coal plant a concern

Oct 17 2018

Legal & General Investment Management, Britain's largest asset manager, [said it has serious concerns](#) over Poland's planned development of the Ostroleka C due to unsecured financing for the project. LGIM is invested in both Enea and Energa.

"We have serious concerns about the development of a new coal plant in Poland, Ostroleka C given that they have not yet secured capacity market payments or confirmed third-party financing, (...) We don't believe the companies should proceed with this project until they can provide us with reassuring evidence of its financial viability and the role it will play in meeting the energy security and the carbon targets in Poland and Europe," said Meryam Omi, the head of sustainability and responsible investment strategy at LGIM.

Energa EGM votes for an NTP for Ostroleka C

Sep 4 2018

On September 3, the Extraordinary General Meeting of Energa voted for issuing a Notice to Proceed (NTP) for the Ostrołęka C power plant. Shareholders holding 23,5 million shares voted against, 4.6 million abstained. Neither the members of the Supervisory Board nor the Management Board of the company were present, disregarding the good investor relations practices. Issuing NTP before the capacity auction (due on December 21 2018) breaks the obligation towards Energa's bondholders: in the Eurobonds prospectus from February 2017, Energa AB stated that an NTP would not be issued before the auction. Following the EGM decision, both Enea and Energa suffered drop in share prices.

In order for the construction works to start the same consent must be expressed by the EGM of ENEA, which is on September 24, 2018.

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

Aug 31 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 a 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).

Energa's rating downgraded due to Ostrołęka C

Jul 17 2018

On July 16 EuroRating downgraded Energa's rating from BBB to BBB- in response to Energa signing the contract with GE Power/Alstom to build Ostrołęka C power plant. EuroRating assessed the current structure of Energa financing as relatively weak and pointed out that another large expenditure for the construction of the Ostrołęka C power plant (mainly financed by the increase in debt) will cause its further deterioration. The agency also noted that this power plant would need to use imported coal and thus harm Poland's energy safety and advised withdrawal from this project on its early stage.

NGOs file for annulment of the Ostrołęka C integrated permit

Jul 13 2018

12 July 2018, the Association Workshop for All Beings, with the support from Frank Bold lawyers and the Society for Earth, [filed a motion for annulment of the former Minister for Environment Jan Szyszko's decision regarding the extension of the integrated permit for the Ostrołęka C coal power plant referring to the flagrant breach of law.](#) Additionally, the current integrated permit has a number of shortcomings. It does not specify two basic parameters, such as the gross electric power and the net electric power, making the calculation of the electrical efficiency, which co-decides whether the installation meets the requirements of the BAT standards, impossible. Estimation of the pollutants amount is also not possible because this document does not include the power plant's operating time. Last but not least, the integrated permit does not specify the obligation to monitor the emission of heavy metals such as mercury, arsenic, cadmium, chromium, copper, nickel, lead or zinc.

GE Power and Alstom Power System sign contract with Ostrołęka C

Jul 12 2018

On July 12 the American-French consortium of [GE Power](#) and Alstom Power System signed a contract to build the Ostrołęka C Power Plant. The consortium had won the tender with the amount of PLN 6.02 billion. The Ostrołęka S.A. power plant, co-owned by Energa and Enea, had allocated only PLN 4.8 billion to the order. This confirmed the earlier concerns of experts that the project is significantly underestimated. GE Power had already signed a letter of intent for cooperation in the construction of Ostrołęka C Power Plant with Polimex-Mostostal S.A., a Polish company which had lost the tender but has close links to project owners: Energa and Enea, who are among its shareholders.

Polish NGOs caution Prime Minister Morawiecki to stop plans for new coal power plant

Jul 12 2018

On July 12th, 27 major Polish NGOs working on climate protection published [an open letter to Poland's Prime Minister Mateusz Morawiecki.](#) They are asking him to stop the Ostrołęka C coal-fired power plant project. According to experts, this TPP will be uneconomic and harmful to the environment and public health. It will jeopardize Poland's energy safety while blocking the development of clean energy on regional and national level.

GE Power and Polimex-Mostostal to build Ostrołęka C

Jul 5 2018

On 22.06.2018 GE Power and Polish company Polimex-Mostostal [signed a letter of intent](#) with respect to the construction of the Ostrołęka C power plant. GE Power Sp. will subcontract Polimex-Mostostal S.A for one or more of the following scopes: construction work, delivery of steel structures and assembly of steel structures. The two companies may also partner in the area of project work and other services and deliveries required for the implementation of the Ostrołęka Project. Polimex-Mostostal has struggled with financial problems until in 2017 65,93% of its shares were purchased by state-owned energy companies, including PGE, Enea and Energa.

Ostrołęka C secretly granted extension of the IPPC

Jun 18 2018

Ostrołęka C received an integrated permit (IPPC) in 2011. The date from which the entity was obliged to start operating was set for June 2016. As the investment process was prolonged, this requirement could not be met. The investor applied to the Marshal of the mazovian voivodship for extension of this term till 2022. In accordance with the law the Marshal refused, justifying his decision with the fact that the application was submitted in July 2016 (one month after the deadline established in the integrated permit). As a result the Ostrołęka C's IPPC would become invalid on 30 June 2018. In September 2016 the investor appealed directly to the Minister for the Environment and received a prolongation of its integrated permit. According to the Minister for the Environment, extending the IPPC was a matter of public interest. The amendment to the IPPC was not publicly announced.

In winter 2017/18 the NGO's from the Strop Ostrołęka C coalition submitted a request for public information on the environment to the Ministry regarding the project's development, including its IPPC. In response they were provided with a set of documents but it was lacking any trace of the amendment. It was only in May 2018 that the coalition learnt about the amendment via journalists. It is highly unlikely that the vital document was excluded from the documentation unintentionally.

GE Power, Alstom to build Poland's last coal-fired power plant

Apr 5 2018

Energa and Enea have [announced](#) that the consortium of GE Power and Alstom has won the tender to build Ostrołęka C with a bid of PLN 6.23 billion. The 1000 megawatt powerplant is expected to open in 2023 and to power roughly 300,000 homes. GE power will design the plant using [ultra-supercritical technology](#). The plant is expected to be the last coal-fired power plant to be built in Poland as energy minister Krzysztof Tchorzewski has [said](#). Energa and Enea plan to make use of a [back-up power capacity scheme](#) approved by the EU in February. It allows them to be paid for keeping the plant online to produce when electricity is needed.

Energa to announce result of power plant tender

Mar 15 2018

The results of the tender for the construction of Ostrołęka C is expected within days [according to Energa's acting Chief Executive Alicja Klimiuk](#). She declined to comment on whether the tender could be cancelled because all three bids overshot the budget. She did add that the project will participate in a power capacity auction later this year.

Energa closes bidding process for Ostrołęka C

Dec 28 2017

The bidding process for the construction of Ostrołęka C was closed on [December 28th](#). Three groups have submitted offers to build the project. China Power Engineering Consulting Group has offered to build the unit for PLN 4.85 billion (USD 1.38 billion). A consortium of GE Power and Alstom Power Systems has proposed a PLN 6.23 billion contract. A group of Polimex-Mostostal and Rafako proposed a contract of PLN 9.59 billion. Energa has stated they will consider more than just cost for the final decision. Energa and Enea have planned to spend PLN 4.8 billion, however, they have not ruled out attracting investors to help finance the project.

Ostrołęka C to be the last coal unit built in Poland?

Sep 7 2017

According to [an article published on September 6th](#) (in Polish), during the Economic Forum in Krynica, Poland, Minister for Energy Krzysztof Tchórzewski said that 'he would like Ostrołęka C to be the last new coal unit built in Poland'. He sees the future of energy in nuclear power and coal gasification. The author of the article stresses that construction of Ostrołęka C is not yet certain and that 'several energy experts unofficially claim that this unit will not be built'. It must be noted, however, that another article published on the same day quotes Minister Tchórzewski's claim that Poland does not abandon investments in coal and will build new coal units.

Energa to build Ostroleka C even without capacity market

Aug 10 2017

[According to Reuters](#) Energa will go ahead with plans to build the Ostroleka C power plant, irrespective of whether Poland introduces a power capacity scheme – the so-called capacity market. Energa Chief Executive Officer Daniel Obajtek said in August 2017: 'When it comes to Ostroleka, generally we are not waiting for the law to be introduced. This process will be conducted irrespective of this'. This statement clearly contradicts Energa's previous position that the capacity market is essential for the Ostroleka C project to be profitable. The latter was found in the project's base prospectus of February 2017 and in the company's answer to the Shareholders questions asked during Energa's AGM, issued in July.

Energa and Enea signed the investment agreement on Ostroleka C Power Plant

Feb 1 2017

On 8 December 2016, Energa and Enea entered into an investment agreement aimed at the joint preparation, construction and operation of a new coal-fired power unit with a gross capacity of 1,000 MWe in Ostrołęka. Enea will purchase a 50-percent stake with a value of PLN 101 million currently held by Energa in the share capital of the special purpose vehicle established for the execution of the project (source [4-traders.com](#)). The project's joint venture [received approval](#) by the Poland's Office of Competition and Consumer Protection (UOKiK) on the 18th of January 2017.

Poland's Energa suspends plan to build 1 GW coal-fired unit

Sep 17 2012

It was announced on September 17, 2012 that Poland's Energa has suspended plans to build a 1000-megawatt coal-fired unit in the country's north-east due to problems securing financing and will instead invest in the power grid, gas-fired generation and renewables.

Ostroleka C in talks to secure financing

Mar 16 2011

Ostroleka C Power Plant is currently past administrative procedures and permits stage and is currently trying to secure financing for the planned investment. It is in talks with Societe Generale on project finance and in talks with strategic investors and financing institutions. The power plant estimated costs are PLN 6 bln (EUR 1,5 bln). ENERGA S.A. is undergoing a process of privatisation.

Financiers

BNP Paribas, Bank of America and HSBC are among Energa's major financiers ([link](#)).

In March 2018 Polish Development Fund (PFR) declared it may join the Ostrołęka C project. However, as of January 2019 the Fund has not agreed to become the third investor of this power plant. Neither has Poland's largest utility PGE, though talks have been underway between them, Enea and Energa (which resulted in drop of PGE share prices, Ostrołęka C [being dubbed a virous](#) spreading on the Warsaw Stock Market).

On October 23th 2018 the Ministry of Energy announced that Ostrołęka C obtained a stand-by arrangement with a consortium of banks but no further information was revealed. It was rumored that BGK, PKO SA and/or PKO BP might have been among them.

The model of financing should have been known by January 28, 2019 but it had not been announced by February 14 2020 when Enea and Energa suspended construction of Ostrołęka C.

In 2019 PKO S.A. publically denied being financially involved in Ostrołęka C project finance, so did mBank and ING Bank Śląski. Project owners resolved to seeking financing 'outside Europe'.

Banks

BNP Paribas France [profile](#)

[Details](#) ▼

Bond issue – underwriter EUR 300 million February 2017
Eurobond to ENERGA
source: [link](#)

JPMorgan Chase United States [profile](#)

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