

Ostrołęka C

The €1.2bn white elephant in the room at COP24

Polish energy companies ENEA and Energa are pushing ahead with plans to construct a controversial new €1.2bn, 1 GW coal power plant predicted to be a “financial and economic disaster” – just as Poland hosts the global climate conference.

Why?



Why ENEA and Energa should be pursuing more profitable, less risky investment in renewables.

1 Cheaper power

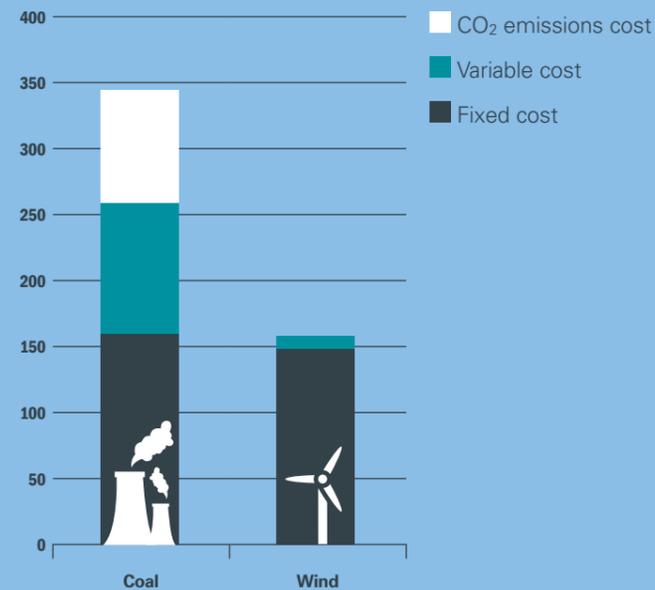
Power from Ostrołęka C will be up to twice the price of onshore wind and more expensive than offshore wind and, by 2030, solar.

(Sources: WysokieNapiecie.pl / Polish Wind Energy Association)

Replacing coal with renewable energy would help reduce Poland's rising power prices.



Cost of electricity generation in new power plants PLN/MWh – Nov 2018



(Source: Reproduced from WysokieNapiecie.pl)

2 Sustainable job creation

An alternative investment in renewable energy would create

45%

more jobs than Ostrołęka C.

(Estimates by Silesian University of Technology Professor Jan Popczyk)



ENEA's own trade union Synergia publicly opposes Ostrołęka C. It has launched legal action over the planned construction, citing financial and environmental risks, and threats to workers' job security and pay.

3 Increased energy security

Poland is increasing coal imports sharply as national hard coal production declines.



It imports most of this coal from Russia (almost two-thirds in 2017).

(Source: Dziennik Gazeta Prawna)

Locally produced renewable energy would increase energy security and independence.

4 Cleaner air and better health

In 2016, Enea's two existing coal plants are calculated to have caused:

6,000
Asthma symptom days in children



110,000
Work days lost



€1.2
Total health cost (high case / € billion)



330
Hospital admissions due to respiratory or cardiovascular symptoms



410
Premature deaths



160
Chronic bronchitis cases in adults



(Figures from Europe Beyond Coal's 2018 Last Gasp report)

Investment in renewable energy instead of Ostrołęka C would mean cleaner air, avoided major health issues and lower carbon emissions.

5 Increased chance Poland meets its climate and energy goals

Ostrołęka C would directly undermine Poland's stated aim of reducing the share of coal power in the energy mix from

80%
↓
60%
by 2030

It also doesn't tally with the parallel goal of doubling renewables' share to 27%.

(Source: Draft Polish Energy Policy to 2040)

6 Firmer footing for companies

Criticism of the planned plant from market commentators:

"...destined to be a financial and economic disaster"

Carbon Tracker

"...doesn't make financial sense"
€1tn global asset manager Legal & General Investment Management

"...economically unprofitable, and from the point of view of the [power generation] system unjustified"
Former Energa Group company director Dr Wojciech Myślecki

The rest of the market is moving away from coal

Tauron wants to add at least 700MW in clean power to its generation portfolio

"We're turning in the direction of more renewable sources... The rising cost of CO₂ makes the profitability of coal-fired plants significantly less profitable."

Marek Wadowski,
Tauron CFO

"A more diversified fuel generation mix and lower CO₂ emissions per megawatt-hour... would result in a stronger business profile" and "could lead to positive rating action."

Fitch Ratings, October 2018

Even major utility PGE, which has typically favoured coal, wants to generate 2.5 GW from wind power by 2030 by installing turbines in the Baltic Sea

"Cheaper renewables are a positive development... rising CO₂ prices are negative because they take away the funds that we could otherwise invest in green sources... The investment choice is simple for us: we're heading toward the cheaper scenario."

Monika Morawiecka,
PGE Strategy Director



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