Construction of a new gas and steam unit EC Żerań at the halfway point

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The most modern gas and steam unit in Poland, currently under construction with Polimex-Mostostal, will supply the heat to Warsaw residents already next year. The unit will allow the Żerań CHP Plant to generate 4 TWh of electricity and 1,9 TWh of heat energy.

- The construction of the gas and steam unit and the new boiler room will substantially improve the quality of life for the residents of Warsaw and the metropolitan area. The investment will allow us to withdraw the already exploited coal boilers from use. The new unit will meet strict environmental standards, thereby we will conform to the EU guidelines and at the same time modernize our economy – said Krzysztof Tchórzewski, the Minister of Energy.

- We are proud to be involved in the construction of the gas and steam unit for the Żerań CHP Plant. It is a strategic energy investment for the Warsaw agglomeration, but also for us as a Company. The gas and steam unit in Żerań is one of the key projects currently implemented by the Group on the domestic market. Our unique and extensive experience combined with professional technical support from our trusted consortium partner from the Kozienice project, Mitsubishi Hitachi Power Systems, will serve as a guarantee for the investment to be our joint success – said Krzysztof Figat, the President of Polimex-Mostostal.

- It is one of the major investments currently in progress within PGNiG Capital Group. The new unit will use around 0,5 billion m³ of natural gas annually. With such modern steam and gas units fuelled by natural gas, which we build and commission in other Polish CHP plants as well, we reduce the emission of air

pollutants that lead to smog formation - explained Piotr Woźniak, the President of PGNiG S.A.

- We are glad that there is a growing demand for the natural gas in Poland. PGNiG undertakes numerous investments to ensure that the Polish society can benefit from the blue gas, which is an effective alternative to reduce the smog.

- The history of the Żerań investment, from the initial conception to the current implementation, dates back ten years. The realization of the project has accelerated in the last two years. It has been a year and a half since the cornerstone laying ceremony and sixteen months since our contractors started the works on the construction site. This investment means cleaner air for Warsaw - said Jarosław Głowacki, the President of PGNiG TERMIKA S.A.

- I have every confidence that with the huge potential of Polimex Mostostal Capital Group and with the support from our competent and committed team we will be able to achieve our goals. On Tuesday we were informed that the Management Board of Grupa Azoty Puławy S.A. adopted a resolution concerning the initial approval of the offer submitted by Polimex-Mostostal in consortium partnership with Polimex Energetyka and SBB Energy for the construction of a new coal unit in Puławy. This is of course excellent news for the Group. The contract for the construction of the power unit in Puławy is a strategic undertaking for us and we do hope we will be selected to carry out this important project. It would be yet another key investment by Polimex-Mostostal on the energy map of our country - concluded Krzysztof Figat, the President of Polimex-Mostostal.

The new gas and steam unit for the Żerań CHP Plant will be finalized in the fourth quarter of 2020.

With the application of cutting-edge technologies it will have a positive impact on the quality of air in Warsaw and the metropolitan area. It will also strengthen the energy security of the agglomeration.

After the commissioning of the new unit the electricity production in the Żerań CHP Plant cogeneration will increase by 130%, from the current value of 1,7 TWh to 4 TWh. The installed electricity generation capacity of PGNiG TERMIKA will increase by approximately 110% compared to the capacity of the currently used coal boilers, which will be withdrawn from use once the unit is commissioned. The heat production will amount to 1,9 TWh.

The investment meets the strict EU environmental protection criteria, i.e. the

requirements of the Industrial Emissions Directive (IED) and the BAT standards. In addition, the new gas and steam unit will reduce the emission of carbon dioxide by 40% compared to the soon to be replaced boilers.

The estimated annual gas consumption by the unit constitutes approximately 4% of the current domestic consumption of this fuel.

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