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Press release

Polenergia expands its distribution and customer base

Polenergia Dystrybucja Sp. z o.o. belonging to Grupa Polenergia SA ('Polenergia'), the largest Polish private and vertically integrated energy group, signed a long-term financing agreement with ING Bank Śląski SA for implementation of an investment plan worth over PLN 21 million.

- **PLN 21.2 million – the planned investments in the distribution area in the years 2017–2018;**
- **PLN 18.3 million – the value of infrastructure loan agreement with ING Bank Śląski SA;**
- **a 26-percent increase of Regulatory Asset Base ('RAB');**
- **a 58-percent planned growth of the number of new customers by 2018.**

The development strategy of Polenergia in the distribution segment assumes building of an electric power infrastructure that will allow for connection to the grid of more than 6 thousand new customers. Thus, the number of customers will increase at the end of 2018 by as much as 58 percent. The expenses incurred for the purchase and construction of the infrastructure will also increase the Regulatory Asset Base by 26 percent.

“The announced development of the distribution area becomes reality, and Polenergia thereby is flexibly and rationally optimizing its business while adapting it to the market situation. Increasing the importance of the distribution segment will enable the company to reach greater diversification and stabilization of its activity. The growth of the number of customers by more than a half means the development of energy sales as well as the ability to offer new products,” says Jacek Głowacki, directing the works of the Management Board of Polenergia.

Polenergia is preparing an offer including the implementation of a complex service in the field of construction and connection to the grid of micro installations and generation sources as well as customer support in the implementation of photovoltaic systems. At the

same time the company is realizing a pilot program of construction and operation of an electric vehicle charging station. The offer will provide a comprehensive solution for every individual customer.

Polenergia Dystrybucja is the second largest distribution company in Warsaw. The company has a nationwide licence for energy sales, which enables it to operate in different regions of Poland. Polenergia Dystrybucja builds or acquires the necessary infrastructure for energy distribution and recovers the investment expenses through the RAB return and amortization, which are included in the distribution tariff. Moreover, the company distributes energy to industrial, commercial and private customers, including shopping malls, housing estates, etc. Polenergia Dystrybucja possesses 31 already operating projects and 18 ones in progress. Now the company has more than 10 thousand customers consuming over 285 GWh of energy per year, supplied through 110-km-long power lines, 86 stations and 145 transformers. The company is realizing the pilot implementation of the smart grid and smart consumption metering which constitute the first stage of the transition to the smart measurement infrastructure.

Installed capacity and project portfolio

At the end of the third quarter of 2016 Polenergia had the total installed capacity at the level of 369 MW, 245 MW of which was from wind farms, which in turn made the company one of the leaders on the Polish market. The remaining 124 MW came from gas-based cogeneration, giving Grupa a 15 percent share in the domestic market of energy generation from natural gas, mainly due to Nowa Sarzyna heat and power plant.

Furthermore, the portfolio of Grupa Polenergia includes the onshore wind farm projects with the total capacity of approx. 270 MW, which are in the final phase of development and which are granted the construction permits. There are also works in progress preparing those projects for the auction process. The company is also preparing Wińsko biomass power plant project to participate in the auction – it obtained the construction permit in the third quarter of 2016.

The strategic project being developed by Polenergia is the construction of offshore wind farms in the Baltic Sea with the total capacity of 1.2 GW. The company, as the first in

Poland, obtained in July 2016 the environmental decision for the project of Central Baltic Sea III offshore wind farm.

Polenergia – a Polish private group in the power industry with an international reach, which is made up of vertically integrated companies functioning in the area of generation of energy from conventional and renewable sources, as well as electricity distribution and trade. It is one of the strategic assets of an international investment group Kulczyk Investments. Read more: www.polenergia.pl

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