

# PGE Group's strategy

On October 19, 2020 PGE Polska Grupa Energetyczna published a new strategy of the Group until 2030 with prospects until 2050. The company presented the Group's transformation plan and the path to decarbonisation of generation and announced the goal of achieving climate neutrality by 2050. *Already within a decade, the PGE Group will become a completely different company,* announces Wojciech Dąbrowski, President of the Management Board of PGE.

## PGE Group's strategy

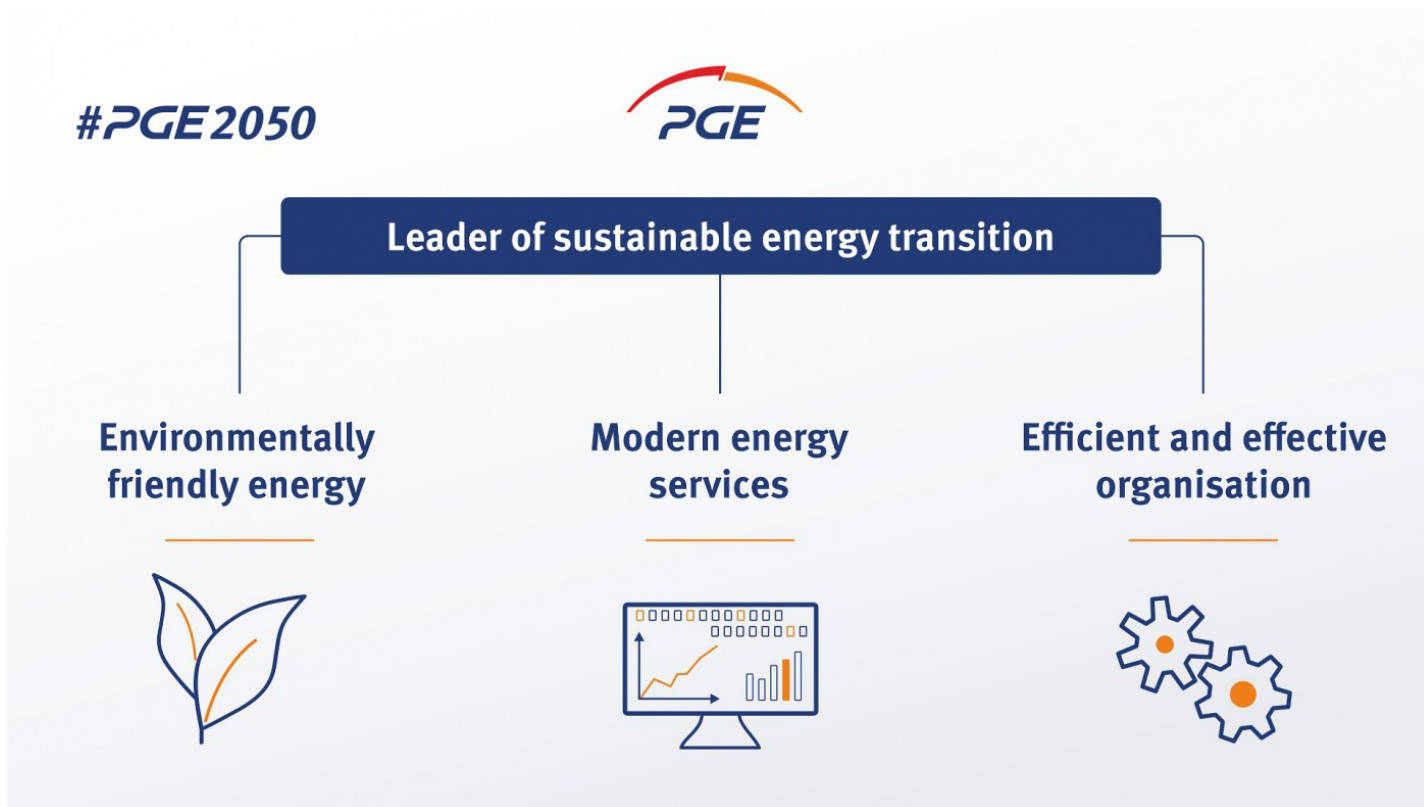
On October 19, 2020 PGE Polska Grupa Energetyczna published a new strategy of the Group until 2030 with prospects until 2050. The company presented the Group's transformation plan and the path to decarbonisation of generation and announced the goal of achieving climate neutrality by 2050. *Already within a decade, the PGE Group will become a completely different company,* announces Wojciech Dąbrowski, President of the Management Board of PGE.

The new Strategy of the PGE Group presents a transformation plan aiming at the Group's climate neutrality in 2050. This will be achieved through investments in low and zero carbon energy

The new Strategy of the PGE Group presents a transformation plan aiming at the Group's climate neutrality in 2050. This will be achieved through investments in low and zero carbon energy sources and network infrastructure.

According to the information of February 2020, immediately after the appointment to the Management Board of PGE XI Term of office, I announced changes and the start of work on a new strategy for the PGE Group. Today I inform you that PGE Polska Grupa Energetyczna is ready to be a leader in sustainable energy transition and the Management Board has a very solid plan for this. In the new strategy, we have responded to public expectations, regulatory and market changes, and we have firmly committed to low and zero-carbon energy sources. Our goal is the climate neutrality of the PGE Group in 2050. In order to achieve this, we are accelerating the process of change in the company. *Already in 2030, the PGE Group will be a completely different company* - says **Wojciech Dąbrowski, President of the Management Board of PGE Polska Grupa Energetyczna.**

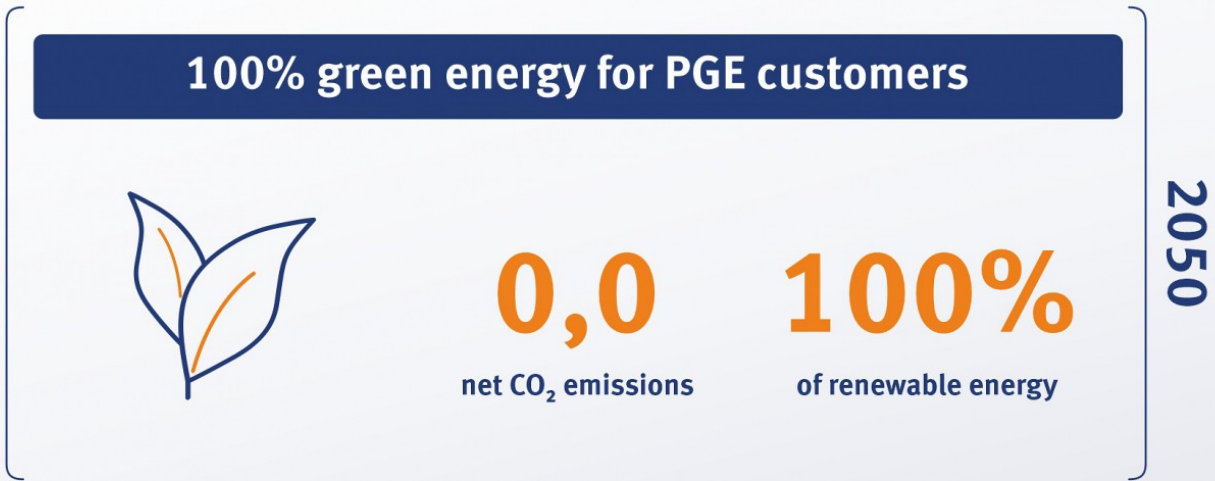
PGE's new Strategy is based on three pillars: environmentally friendly energy, modern energy services, and efficient and effective organization.



### Decarbonisation of the generation assets portfolio

Decarbonisation will be a complex process, requiring capital-intensive investments focused on low and zero-carbon generation only. The current generation portfolio of the PGE Group is over 80% based on hard coal and lignite.

*In the 2030 horizon, we intend to maintain our position as the leader in generation based on strengthening the portfolio of renewable generation sources and conversion of coal fuel to gas in district heating. Natural gas is a transition fuel and its use will remain possible for about 20 years. Subsequent investments in gas sources will depend on the pace of development of alternative technologies. In 2050 we will provide our customers with 100% green energy* - emphasises **Wojciech Dąbrowski.**



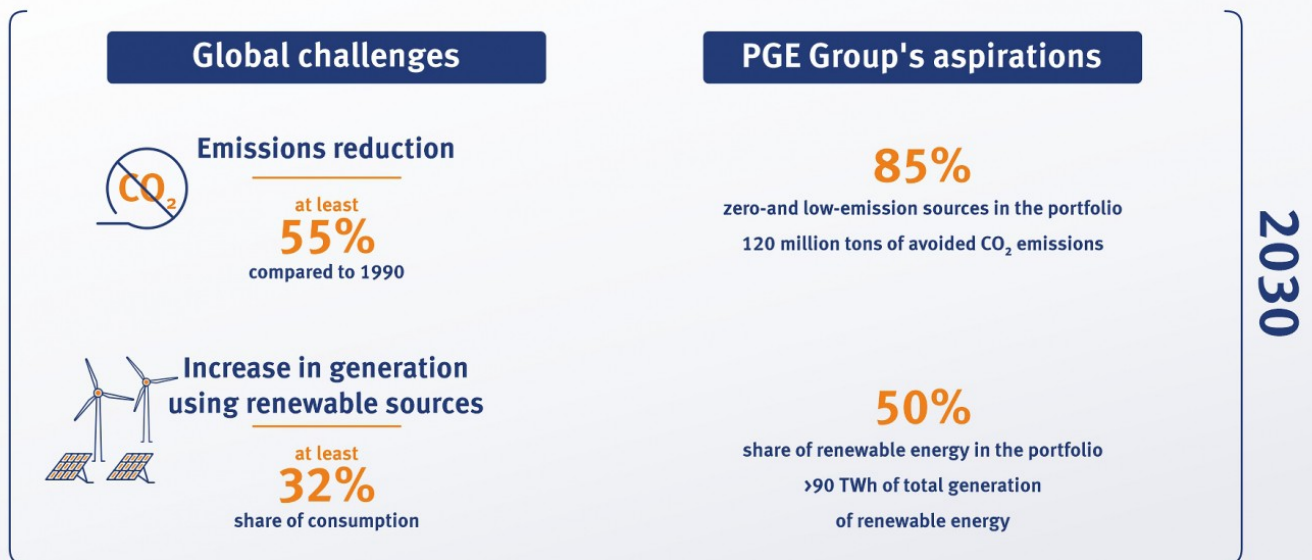
To this end, by 2030 the PGE Group intends to build 2.5 GW of new capacity in offshore wind farms, 3 GW in photovoltaics and expand its onshore wind farm portfolio by at least 1 GW. Noticing the interest of customers, the PGE Group will prepare for them an opportunity to participate in the energy transition. Large-scale projects will be accompanied by a complementary energy storage programme of at least 0.8 GW, which will support safe and flexible operation of the power system.

**Climate neutrality of the PGE Group by 2050**

The PGE Group, as the leader of the transition, declares to reduce its environmental impact and achieve climate neutrality by 2050. The generation's carbon footprint will be reduced by changing the technology, expanding the RES portfolio, enabling PGE's customers to participate in the transition and engaging in activities for the circular economy.

*Our long-term strategic goal is for 100% of the energy sold by PGE to come from renewable sources in 2050. Our customers expect energy produced in an environmentally friendly way. Therefore, we will implement an ambitious programme of building offshore and onshore wind farms and photovoltaics. We will also seek acquisition opportunities for further renewable projects. We know that the energy transition is a multidimensional process, therefore the construction of the RES market share, apart from large-scale investments, will be strengthened by long-term cooperation with our Customers. We recognize their desire to be independent and active market participants. Therefore, using our competence and experience, we will meet their needs: we will implement offers based on long-term cooperation, providing them with access to green energy, create favourable conditions for power generation in microinstallations and provide reliable distribution services enabling the development of distributed energy and energy storage facilities - informs **Wojciech Dąbrowski**.*

PGE's aspirations were defined in two time horizons. By 2030, the share of renewable energy in the Group's portfolio will be increased to 50% and carbon dioxide emissions will be reduced by 85%, which means 120 million tonnes less CO<sub>2</sub> emissions, while by 2050 the Group intends to achieve climate neutrality, i.e. zero net CO<sub>2</sub> emissions and provide 100% green energy to its customers.



The investment policy of the PGE Group will see a clear change towards renewable sources, which in the perspective of 2030 will provide over 25% of the PGE Group's result. The share of RES in investment outlays will amount to ca. 50% and will gradually increase. Necessary investments in gas-fired units will result from the need to balance the system and enable decarbonisation of district heating. By 2030, the share of low-carbon sources in the PGE Group's heat production will be at least 70%.

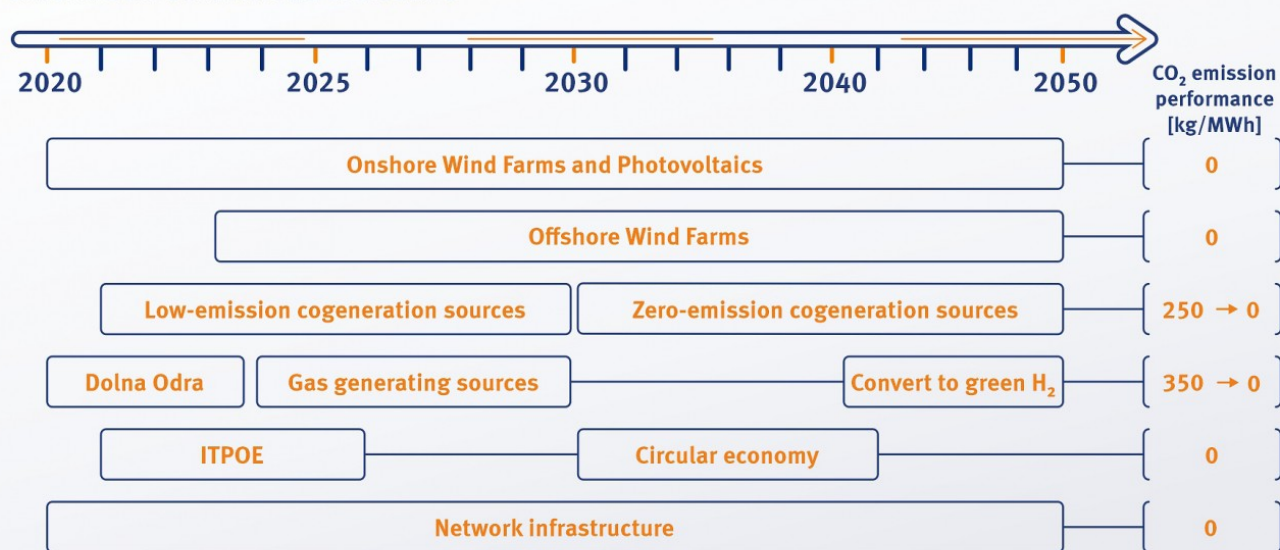
*The PGE Group is in the best position to play the role of a leader in changes in the energy sector. Large-scale investments will be required. They can be implemented by large power companies such as PGE. The core business of the PGE Group will be: energy generation based on renewable sources, low- and zero-carbon district heating, reliable network infrastructure and modern energy services. We will concentrate our investment efforts in these areas. By 2030, we will have allocated over PLN 75 billion for investments. We want the greatest possible share in the transition of the Polish power engineering industry to be held by Polish entrepreneurs, who already today provide top-notch products and solutions also for the power engineering industry around the world - informs **Wojciech Dąbrowski**.*

The PGE Group's investment programmes implemented over the next decade will aim at low and zero-carbon transition of the Polish energy mix. The PGE Group will intensively develop the wind and photovoltaic direction during this period. By 2030, two PGE Group offshore farms will be built with a total capacity of 2.5 GW and another 1 GW after 2030. The potential of the Baltic Sea will be fully utilized and the PGE project base will be supplemented by another 3.0 GW. These actions will be accompanied by the construction of flexible gas-fired generation capacities and a programme of energy storage facilities complementary to RES, ensuring flexible operation of the power system and enabling greater use of the power of renewable sources. PGE Group's plan in this area is 800 MW of new energy storage facilities in Poland in 2030, which will ensure secure power grid integration of new RES.

## #PGE2050



### Group investments will focus on renewable energy, heating transition and network infrastructure



The investment plan of the PGE Group will also focus on the network infrastructure. Investments in the development of the distribution network will enable the integration of newly emerging renewable sources, as the majority of them will be connected to lines belonging to distribution network operators. In order to ensure reliability of supply and adequate quality parameters, investments will be made in lines, transformers, digital communications, energy storage facilities and modern metering as elements of a smart grid. Distribution will also play an important role in linking the energy sector with the heat, industry and transport sectors, which will be systematically electrified.

#### Efficient and effective organisation

The strategy of the PGE Group emphasises that the dynamics of transition requires continuous improvement of productivity and efficiency of the company's operations. In order to implement an ambitious investment programme, it is necessary to adapt the organisation to new challenges and constantly improve its operational efficiency. To this end, a new model of cooperation in the PGE Group will be built, the employment structure will be adjusted, the potential of automation and digitization will be used, and repair and maintenance services will be optimized. As a result of these actions, by 2025 the Group plans to reduce fixed operating costs (not including effects in the Conventional Generation segment) by at least 15% and by 2030 by 25% compared to 2019 at constant prices.

*We are preparing conventional assets for the new ownership structure. We are also prepared to integrate the power sector in various configurations - informs **Wojciech Dąbrowski**.*

#### Access to financing for the PGE Group's investment needs

The Group will use the available sources of financing from the aid funds available to Poland for the energy transition. It is PGE's ambition that the share of the acquired financing will cover 25% of the Group's investment needs.

Reducing exposure to market changes and a stable return on investments based on dedicated support mechanisms, as well as the use of off-balance sheet financing will have a positive impact on the company's risk profile and support building value for its shareholders.

Information about the adoption of the strategy was disclosed in the [current report no. 29/2020](#)

Below you will find a presentation on the PGE Group's strategy

The recording of the Management Board's conference on the strategy is available at the [corporate youtube channel](#)

#### Downloads

- [PGE Group's strategy 2030](#)