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Press release

Polenergia and Siemens Energy signed a letter of intent on development of co-generation and hydrogen technologies

Polenergia S.A. (“Polenergia”), the largest Polish private, vertically integrated energy group, whose main shareholder is Dominika Kulczyk, and Siemens Energy Sp. z o.o., together with Siemens Gas and Power GmbH & Co. KG (“Siemens Energy”), leading manufacturers and suppliers of gas and hydrogen solutions for the power industry, declared close cooperation, the goal of which is development of modern technologies in the area of decarbonisation of the industry and the power sector. The outcome of their joint activities will be implementation of pioneer hydrogen technologies, which are viewed as technologies of the future.

- **Procurement of the partner is a crucial step in pursuance of Polenergia’s hydrogen strategy;**
- **Development of gas projects is an introduction to the great hydrogen transformation.**

On 29 June 2020, Polenergia and Siemens Energy signed a letter of intent pertaining to cooperation in the area of industrial application of high-efficiency co-generation, as well as introduction of solutions that enable sustainable production and use of hydrogen. Both parties declare cooperation that will be focused on the Polish market that is in need of efficient solutions that curb the negative impact of business operation on the climate and the natural environment.

Growing prices of electricity and emission allowances induce the energy-intensive Polish industry to search for mechanisms that could reduce the costs of electricity and thermal energy used in technological processes, with simultaneous decrease of the carbon footprint of products. Stabilisation of production deriving from the RES requires performance of modern low-emission projects based on natural gas. Flexibility of such technology will make gas installations the preferred option for increasing the installed capacity in the domestic electric energy sector in the years to come. Such solutions will also be a prelude to the introduction of pioneer hydrogen technologies, which Polenergia announced in its strategy for years 2020-2024 presented in May this year.

“We believe in hydrogen and we want to take the position in this sector on the domestic market as quickly as possible. The Nowa Sarzyna CHP Plant, as well as the planned new gas units are going to be ready for the combustion of green hydrogen, which is going to contribute to the building of a zero-emission energy group in the future. To this aim, we have sought a seasoned partner, who already possesses verified and modern technologies of long-term provision of energy with significant reduction, or even complete elimination of CO₂, starting with highly-efficient gas co-generation or

efficient electrolysis of the production of green hydrogen, which in the future will be used to supply our gas units,” says Michał Michalski, Ph.D., President of the Management Board of Polenergia.

The agreed scope of potential cooperation of Polenergia and Siemens Energy encompasses analysis of projects that could be performed in the segment of industrial co-generation and application of hydrogen technologies. In particular, such projects could include joint performance of low-emission gas installations for the industry, electrolytic cells, fuel cells, gas and hydrogen and hydrogen turbines, along with hydrogen storage tanks implemented in the Polish industry and on the market of Central and Eastern Europe, which would replace high-emission carbon assets.

“Siemens Energy has been successfully modernizing the energy infrastructure for many years, allocating significant R&D funds to solutions determining the future of the energy sector, i.e. in terms of climate impact, low-emission, energy efficiency, energy availability and security. We have knowledge and competence in this area. We work with many shareholders on this market around the world, consistently implementing this vision and strategy. We believe that such partnership activities give a chance to achieve economies of scale, thus consolidating the efforts of many industries moving towards decarbonisation. Siemens Energy focuses its activities on environmentally friendly solutions for the production of electricity, heat, for industrial and municipal applications, as well as in the field of energy storage technologies and hydrogen production for the needs of energetics and transport. Considering the above, we are building an ecosystem based on a partnership approach to joint projects on the domestic market, with shareholders whose strategy overlaps with the vision and role of the energy sector in the future. We are looking forward to cooperating with Polenergia in this respect” summarizes Grzegorz Należyty, Chief Executive Officer of Siemens Energy Sp. z o.o.

Studies are carried out around the world with hydrogen as their joint denominator and a carrier of energy, fuel and resource. It may be produced in the process of electrolysis and thanks to this contribute to the reduction in the emission of greenhouse gases. Hydrogen produced in this manner may be called green only when electric energy used in the process of its production was also generated in an ecological manner, based on renewable sources. As opposed to electricity, hydrogen may be stored in large quantities and for a significant amount of time, which will allow for satisfying the needs of the energy sector, industry and transport.

According to the calculations and estimates of McKinsey & Company experts contained in the “Carbon-Neutral Poland 2050”, reduction of the net emission of carbon dioxide to zero by 2050, which is the deadline for meeting the goals adopted by the European Union, means that the decarbonisation of the Polish industry would have to speed up four times in the next 10 years, as compared to the pace of activities from the last 30 years. Becoming carbon-neutral will require additional investments in Poland, the value of which in the next 30 years may even reach EUR 380 billion. Potential benefits from decarbonisation will ensure energy safety by a 80% drop in the import of fossil fuels, savings that result from a decrease of operational costs by EUR 75 billion, as well as development of new branches of economy that will provide almost 300,000 new jobs.

Polenergia is the first Polish private energy group consisting of vertically integrated companies operating in the area of energy production from renewable and conventional gas sources, as well as distribution and trading of electric energy. The strategic project implemented by the Group is construction of wind farms in the Baltic Sea with a total capacity of 3000 MW. Gazeta Giełdy i Inwestorów "Parkiet" awarded the "Byk i Niedźwiedź" prize to Polenergia as the best company in the sWIG80 index in 2018. More information: www.polenergia.pl

Siemens Energy - a leading producer and supplier of energy and gas technologies providing solutions for sustainable hydrogen production and in the field of decarbonisation projects. Siemens Energy Sp. z o.o. was established on September 19, 2019, after decision of Siemens AG to globally carve out the Gas & Power business. On April 1, 2020, the company was separated from the existing Siemens structures and transformed into an independent entity

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