

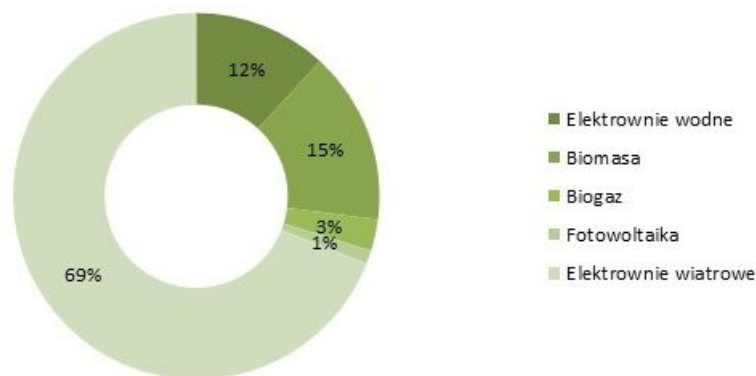


Energia Odnawialna S.A.

Since the 18th century, industrial progress, fuelled by the desire to improve the quality of human lives, has been accompanied by strong growth in demand for energy. Until the second half of the 20th century, few stopped to consider the long-term consequences of a global increase in consumption, such as air, soil and water pollution, as well as gradual depletion of natural resources. It was not until the world faced problems such as climate change, limited availability of drinking water or the emergence of new types of lifestyle diseases, that it started to seek alternative development paths. One of the most central issues of the modern world is the need to increase energy production, while taking into consideration the impacts that new capacities and solutions have on the ecosystem. Projects undertaken by power market participants can be divided into two key categories:

- **Modification of conventional energy generation methods.** In Poland, where the power sector still heavily relies on burning coal, clean coal technologies are being developed. PGE Polska Grupa Energetyczna S.A. (<http://www.gkpge.pl/>) is one of the domestic leaders when it comes to the application of such solutions.
- **Use of renewable energy sources:** technologies that by their very nature pose a lesser threat to the environment. The RES market is the main development area for PGE Energia Odnawialna S.A.

Udział OZE w Polsce



RES structure in Poland as at March 31st 2011 by total installed capacity (MW).

The Polish Energy Law defines renewable energy sources as "Sources which convert wind power, sunlight, geothermal energy, as well as energy of waves, sea currents and tides, river gradients, biomass, landfill biogas and biogas generated during sewage collection or treatment, or disintegration of stored plant or animal remains, into useful forms of energy." Thus, the use of renewable energy sources will not cause their long-term depletion, as they are quickly replenished.

Especially, the European Union member states put strong emphasis on development of the renewable energy market. Together, they decided to increase the share of energy generated from RES by 2020 to 20% of EU's total energy consumption. Polish law also supports green energy. According to Poland's Energy Policy until 2030, at least 15% of final energy consumption in 2020 is to come from renewable sources.

The RES support system introduced in 2005 promotes generation of eco-friendly electricity by means of certificates of origin. Under the Polish Energy Law, power utilities selling electricity to end consumers are required to obtain the appropriate number of certificates of origin, and submit them for redemption to the President of the Polish Energy Regulatory Office, or else pay a substitute fee.