



**European Bank**  
for Reconstruction and Development

Mr Kuba Gogolewski  
Energy campaigner  
CEE Bankwatch Network  
ul. Raszynska 32/44 lok. 140  
Warszawa, Poland

4 October 2012

Dear Mr Gogolewski,

Thank you for your message received on 13 September 2012, which followed your earlier letter on 22 March 2012 and our response of 13 April 2012 regarding the ENEA Operator distribution project (hereinafter referred to as the Project).

We looked carefully into your concerns regarding the potential involvement of the European Bank for Reconstruction and Development (the EBRD or the Bank) in the provision of a loan to the Polish electricity utility ENEA S.A. (the Company). As explained in our previous response, the purpose of the EBRD loan to ENEA S.A. is to support the maintenance, modernisation and extension of the electricity distribution network of ENEA Operator in north-western Poland, in line with a specific capital expenditure programme reviewed and approved by the Bank. The Project is aimed at strengthening the local distribution network to allow for the development and grid connection of renewable energy projects in Poland, notably wind power. The Bank financed Project is envisaged to have significant positive results including energy loss reduction and improvements in the quality of supply.

We would also like to clarify that ENEA Operator, a distribution company, is a separate legal entity and a subsidiary of ENEA S.A., and it owns no electricity generating assets. Therefore, we would like to reassure you that the proposed Project is not part of the financing package for the construction of unit 11 at Kozenice power plant, which is envisaged to be financed by a separate corporate bond programme, that has already been secured with Polish commercial banks. Given that the Bank is not considering or financing unit 11 of Kozenice power plant, the Bank is not in a position to comment on the issues raised in your letter relating specifically to this project.

Regarding the Bank's role and additionality, the Company is seeking long-term financing for its investments (particularly in relation to the capital expenditure of its electricity distribution), which it would be unable to obtain from commercial banks given the current credit environment. EBRD's involvement ensures that the Company will prioritise the renewable energy sector (RES) grid connection investments and promotes the 'smart-grid' enhancements that improve the quality of service. The

operation, if successful, will be an important demonstration for all other energy players in Poland and central Europe.

In terms of the Project classification, the Bank has undertaken an initial environmental and social examination of the proposed Bank funded Project together with an independent consultant. This has confirmed that pursuant to Para. 11 of the Bank's Performance Requirement (PR) 1, the Project falls under a multi-site operation seeking EBRD general corporate finance and therefore requires a corporate audit of the current environmental and social management systems and company's past and current performance against EBRD PRs. Based on this the Project is categorised as B.

As you may be aware, the alleged financial irregularities regarding the privatisation process and management practices are currently investigated by the competent authorities. Also, we would like to note that the integrity concerns have been raised by shareholders, and the management practice irregularities have been subject to an independent review as part of Company's corporate governance. You may also be aware that the Chief Executive Officer of ENEA S.A., Mr Maciej Owczarek, has recently resigned. Please rest reassured that we are closely following these developments and we will duly take into account the results of the investigations as part of our due diligence. In this regard, we would like to inform you that our due diligence has not been finalised yet and therefore the Project's submission to the Board of Directors is likely to be postponed to a later date than the originally planned 30 October.

We trust that this helps to clarify the questions and concerns you have regarding the Bank's involvement in the Project.

Yours sincerely,



Grzegorz Zielinski  
Senior Banker