

ENDESA SUBMITS THE APPLICATION TO CLOSE BOTH THE AS PONTES AND CARBONERAS POWER PLANTS

- *The wide sweeping change in market conditions caused by the increase in the price of CO₂ rights and the sharp drop in the price of gas have significantly impacted on competitiveness when it comes to covering market demand, without any prospect of improvement.*
- *Endesa is to guarantee the jobs of employees at both plants, 174 in the case of As Pontes (A Coruña) and 113 at Carboneras (Almería) by means of a relocation process, in addition to training measures and participation in the dismantling.*
- *As it has already done in relation to the application to close the Compostilla (León) and Andorra (Teruel) plants, Endesa has voluntarily prepared and submitted an action plan for each site called the Futur-e Plan, the aim of which is to help mitigate the impact on employment in the areas by taking a Just Transition approach.*
- *As part of the Futur-e Plan, Endesa proposes to replace the plant's coal-fired 1,468 MW with 1,505 MW of renewable power over the 2020-2026 period (which represents an investment of about 1.58 billion euros and will mean direct employment for an annual average of around 1,250 people throughout the six-year construction phase and 125 in the operation and maintenance phase).*
- *The Futur-e Plan for Andalusia provides for the construction of some 1,520 MW of solar and wind power over the 2020-2026 period. In Almería, where the plant is located, it will mean an investment of some 1.2 billion euros and direct employment for an annual average of around 700 people throughout the six-year construction phase and 110 in the operation and maintenance phase, and a further 2,535 MW for the rest of Andalusia.*
- *Moreover, Endesa is to prioritise the hiring of local people to dismantle the facilities, as well as to foster the development of the local renewable industry in the construction of the new solar and wind power facility.*
- *The company reserves the right to withdraw this application, either wholly or in part, in the event that, as a result of additional combustion tests to be conducted with different fuel mixtures in the coming months at both at the As Pontes and Carboneras plants, the results vary and guarantee the viability of the plants.*



Madrid, 27 December 2019– Endesa today submitted the formal application to close the power plants located in As Pontes (A Coruña) and Carboneras (Almería), which are fired by imported coal. The wide sweeping change in market conditions (caused by a considerable increase in the price of CO₂ rights and the sharp drop in the price of gas) have significantly impacted on competitiveness of these plants when it comes to covering market demand, thus substantially contributing to their exclusion from said market.

Accordingly, and given that there is clearly no prospect of any improvement in the future, the company had already made known in September its decision to discontinue the activity of these plants to the markets, institutional authorities and social stakeholders. Since then, Endesa has been studying alternatives to keep the plants running by using biomass. However, as this has proved unsatisfactory, both from a technical, environmental and economic point of view, it has been discarded as a viable option.

The foregoing situation has led to the submission of an application to close, though the company reserves the right to withdraw this application, either wholly or in part, in the event that, as a result of additional combustion tests to be conducted with different fuel mixtures in the coming months at both at the As Pontes and Carboneras plants, the results vary and guarantee the viability of the plants.

This application is fully consistent with the goal of achieving a wholly decarbonised energy system in 2050, a commitment shared and supported by the company and by all signatory countries to the COP21 Paris Summit agreements.

Before submitting the application for closure, the company informed Ministry representatives, both Andalusian and Galician regional authorities and the town councils where the plants are located.

Accompanying the application, Endesa has voluntarily submitted an action plan for each plant to mitigate the impact caused by the decrease in activity. Called the Futur-e Plan, it aims to promote the development of economic activities and foster job creation in the areas where the two plants are located. The company has stressed that these proposals are flexible and open to taking on board new viable initiatives going forward to achieve these development goals in the areas where the plants are located, thereby adding its efforts to the initiatives and leadership of the Public Administration bodies involved.

Until closure authorisation is given, the plants will gradually dispose of their coal stores.

Futur-e Plan

Under the provisions of the aforementioned Futur-e plans, Endesa will respect the jobs of all employees at the two plants, 174 in the case of As Pontes and 113 at Carboneras. Specifically, relocation processes will be opened and training measures have already begun to improve the technical skills of employees, who will also be taken into account for the dismantling of the plants and future operation and maintenance of the new renewable farms.

With respect to As Pontes and Carboneras ancillary businesses, Endesa is to prioritise the hiring of local people to dismantle both plants once the application is approved, as well as work in the development of the proposed new renewable facilities to be set up at both locations. Additional training programs are planned for these people to drive local employment. Furthermore, the company will encourage the purchase of materials from local suppliers that promote the green industrial development of the area for the execution of its new renewable projects.

Estimates suggest that it will take around four years to dismantle the As Pontes facilities (which has four generation units), plus the preparation work, which will generate around 130 direct jobs and may very well employ up to 200 people at peak work stages. In the case of the Carboneras plant, which has two units, facilities dismantling is expected to take three years after about 18 months of preparation work, giving rise to about 110 direct jobs, foreseeably employing up to 160 people at peak work stages.

Moreover, the company's Futur-e plans include big investments in renewable energy projects. Specifically, Endesa plans to develop up to 1,505 MW of new wind capacity in Galicia between 2020 and 2026, representing an estimated investment of 1,581 million euros. This will mean direct employment for an annual average of around 1,250 people throughout the six-year construction phase and 125 in the subsequent, 25-year operation and maintenance phase. The connection of 165 MW of this capacity has already been confirmed for an estimated investment of 173 million euros, thereby creating 825 direct construction jobs.

In the case of the Carboneras plant, the company is interested in building solar and wind farms in Almería province with a capacity of over 1,520 MW. This would represent an estimated investment of upwards of 1.2 billion euros and mean direct employment for an annual average of around 700 people throughout the six-year construction phase and 110 in the subsequent, 25-year operation and maintenance phase. The partly state-owned, Spanish national grid operator, Red Eléctrica de España (REE) has already confirmed the connection of 250 MW of this capacity. Moreover, there are plans for a further 2,535 MW of renewable power in the rest of Andalusia in the 2020-2026 period. Overall, it is estimated that these 4,000 MW, or more, will translate into about 1,700 jobs in Andalusia over the six-year construction phase, representing a total investment of over 3 billion euros.

As part of its Futur-e Plan, the company also intends to look into business alternatives for current facilities. To this end, Endesa has opened an international project competition which offers companies, institutions and other public and private agents the opportunity to present viable



alternatives through a participatory, transparent and open process, to look for sustainable investment and job creation projects at the plant locations.

Any interested party may submit a conversion project to this site economic revitalisation programme, which is being developed through an international competition with a high level of regional and local stakeholder involvement. Indeed, in the case of Compostilla in León, it is already underway, with the deadline for submitting proposals having been set. These are to be assessed by an independent committee, which will also include significant representation of local and regional stakeholders.