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### Comprehensive gas contracts

URE addressed to the chamber a letter dated 21.12.2009. In the letter they informed us that our sector requests concerning comprehensive contracts for gas purchases by large recipients were forwarded to the Office of Competition and Consumer Protection. According to URE, it shall be explained whatever PGNiG does not use its dominating position with respect to the following issues:

- 1-the way and amount of financial security contributed by gas recipient,
- 2-collection of the minimum amount of gas under the penalty for non-collected amounts (take or pay),
- 3-the possibility of collecting gas beyond the amounts indicated in annual nomination,
- 4-imposing a change in payment terms.

The President of URE reckons that ..."introduction of fees for non-collection of the minimum annual amounts of gas fuel can be regarded as the abuse of the obligation of applying the approved tariff which is subject to sanction under art. 56 par. 1, item 6 of the "Energy Law". On the other hand, ban on collecting the fuel in the amounts bigger than those indicated in annual nomination can be regarded as the abuse of the condition in item 2.1.1. of the PGNiG license which states that "the licensee is obliged to ensure high quality of service and the reliability of gas fuel supplies". The President of URE acknowledged that the HIPH's requests were reasonable and would be used in legislative works as well as works in connection with a change to the Running and Operating Instructions of Electrical Power Transmission Network System (IRiESP).

Copies of URE's letters were disseminated among members of the Polish Steel Association.

### Council of HIPH

On 29.12.2009 the headquarters of ArcelorMittal Poland in D browa Górnicza hosted a meeting of the Council of the Polish Steel Association. The meeting was attended

by the following guests: Ms Małgorzata Handzlik, Member of European Parliament, Ms El bieta Płuska and Mr Lesław Adamczyk from the company Atmoterm S.A. as well as Mr Czesław Sikorski, Board Member of Arcelor-Mittal Poland.

The Council address the issues such as:

- assessment of the situation in the steel sector and the cooperating industries (coke industry and refractories) in 2009,
- effects of the climate and energy package on the Polish economy, benchmarks for the steel installation as well as coke plants and refractories,
- the standpoint of URE towards the requests of the Association on comprehensive contracts for gas and electricity.

Special attention was paid to the situation worldwide in 2009 steel production dropped by around 8%, in China it increased by 12% with the steel apparent consumption of 1,100 million ton in 2009 which is approx. by 100 million ton smaller than in 2008.

The overcapacity of steel production is estimated at around 500 million ton worldwide. Poland's steel consumption went down by around 30% in 2009 (against 11.5 million ton in 2008). The condition of the coke industry and refractories is determined by the market. The crisis in the steel consuming sectors caused reduced production which led to reduced demand for coke. As a result, part of batteries was switched off permanently while the other part "was maintained hot".

Investment plans had to be verified. Due to China's suspension of coke export in 2009, Poland increased its share in global exports from 18% to 36%.

The defending from the crisis refractory producers increased exports as the orders for refractories placed by the steel, casting and coke industry dropped by 30%, 50% and 80% respectively.

In the later part of the Council's meeting, Ms Małgorzata Handzlik introduced "barter platforms" operating in some of the EU countries while the representatives of Atmoterm S.A. presented the system of environmental risk assessment in business operations in the steel industry.

The second part of the meeting summarizing the 2009 activities of the Polish Steel Association will be held in February 2010.

### Benchmarks for the sector

On 30.12.2009 the Management Board of HIPH initiated a working meeting for the representatives of the coke and steel industries. The meeting was aimed at working out the sector's opinion on the benchmark system proposed by Ecofys. As a result, the participants agreed the assumptions to the opinion which was then forwarded by the Management Board of the Chamber to the Ministry of Economy on 18.01.2010 (copies of the letters ref. HIPH/0080/2010 and HIPH/0081/2010 on emission indicators for coke plants and steelworks as well as high-temperature refractories were sent to the interested companies).

### Steel in the road infrastructure

The Management Board of HIPH in collaboration with the Polish Road Congress organised a conference on "Steel in the roads infrastructure". It was held in Warsaw on 14 January 2010.

The conference was attended by more than 70 delegates representing steelworks, steel structures producers, installation firms, companies dealing with road administration as well as design and construction firms.

The steel sector provided the road companies with an offer of modern steel products and their precasting possibilities (7 speeches see the event's agenda on [www.hiph.org](http://www.hiph.org)).

The steel and steel structure sectors informed the steelworks about their plans and projects to be carried out in roads, motorways, expressways, ring-roads and more important modernisations of the road networks. According to the General Directorate of National Roads and Motorways, the demand for steel in the typical product range applied in construction of roads, bridges and tunnels will amount to approx. 1.7 million tons.

The estimates by the steel structure sector are more optimistic. Under 5309 km of motorway and express roads planned for completion by 2012, the steel consumption by bridges, road barriers,

bridge barriers, guardrails and acoustic screens will amount to 637,000, 400,000, 37,000, 48,000 and 320,000 ton respectively. The conference was very informative and needed for both parties.

### Agreement between HIPH and PKD

Romuald Talarek (President of HIPH) and Zbigniew Kotlarek (President of Polish Road Congress) signed a declaration on cooperation between both organisations. The parties declared to continue similar joint undertakings aimed at mutual exchange of their experiences. The agreement can be viewed on the website: [www.hiph.org](http://www.hiph.org)

### Our attempts to get back the electricity excise tax



On 20 January 2010, the Management Board of HIPH initiated a meeting at the headquarters of ArcelorMittal Warszawa attended by 'electricity steelworks' and representatives of a legal chancellery offering its assistance in preparing applications for return of the equivalent of the electricity excise tax paid by steelworks. This possibility appeared when the electricity manufacturers in Poland referring to:

- Verdict on ETS dated 12.02.2009 (case reference: C-475/07 Dz. U. EE C 82/5)
- Resolution of the Supreme Administrative Court dated 13 July 2009 (file reference: IFPS 4/09)

made attempts to get back from the State Treasury the excise tax paid for the period from 1.01.2006 to 28.02.2009.



There is also the possibility of starting the procedure aimed at obtaining return of the excise tax on electricity from renewable energy sources which was wrongly paid in price of energy purchased by ultimate recipients.



Another possibility is to get back the excise tax levied due to the usage of energy-consuming technologies. Pursuant to art. 2 par. 4 of the Directive 2003/96/WE, the excise system shall not apply in reference to the following processes:

- Chemical reduction,

- Electrolysis and metallurgy,
  - Mineralogical and
- the sectors in which the electricity constitutes over 50% of the manufacturing product costs.

### At HIPH once again about the excise tax

On 25 January 2010, the headquarters of the Chamber hosted a meeting of the Energy Experts Team. The discussion which involved a representative of the legal chancellery DLA Piper took up the issue of possible withdrawal from payment of the excise tax levied on:

- Electricity for metallurgical processes,
- Energy produced from renewable sources.

DLA Piper introduced their offer for steelworks.

Other issues such as comprehensive contracts for gas purchases by steelworks and the 2010 prices of electricity for big recipients were discussed among the members of the Energy Experts Team.

### New NAP for 2008-2012

On 11.12.2009, the European Commission made a decision on rejection of the National Allocation Plan for the period 2008 - 2012. Concurrently, the Commission imposed on Poland the obligation to prepare a new NAP.

Therefore, KASHUE started works on preparing a new proposal of NAP.

This matter was discussed in Warsaw on 27.01.2010 during a meeting of the NAP's concerned sector representatives. They agreed the timetable for further actions and the methodology for preparation of necessary information. The steel industry was represented by the President of the Board of HIPH.

HIPH will coordinate works on preparation of the proposal of the steel industry and refractories for new NAP.

### Polish Steel Industry 2010

Kindly be reminded that the deadline for submission of advertisements in "Polish Steel Industry '2010" is the end of February 2010. We are inviting the interested companies.