

## 34. Carbon dioxide (CO<sub>2</sub>) emission allowances

The CO<sub>2</sub> emission allowances for 2013-2020 presented below account for allowances granted pursuant to the Regulations of the Council of Ministers, as well as for other free allowances allocated by the European Commission.

Number of free CO<sub>2</sub> emission allowances for 2013-2020 and actual CO<sub>2</sub> emissions:

in thousand tonnes	2013	2014	2015	2016	2017	2018	2019	2020	Total
Allowances allocated under the National Allocation Plan <sup>(1)</sup>	1,766	1,688	1,652	1,613	1,576	1,540	1,505	1,461	12,801
Actual CO <sub>2</sub> emissions	1,745	1,875 <sup>(2)</sup>	-	-	-	-	-	-	3,620

<sup>(1)</sup> The number of free CO<sub>2</sub> allowances in 2013–2020 as part of the National Allocation Plan (NAP) under the Regulation of the Council of Ministers of March 31st 2014 (Dz.U. of 2014, item 439) and the Regulation of the Council of Ministers of April 8th 2014 (Dz.U. of 2014, item 472), containing a list of installations covered by the greenhouse gas emission allowance trading system along with the number of allowances allocated to them. The figures also account for additional free emission allowances from the European Commission reserve, allocated in connection with the expansion of the refinery's production capacities following the introduction of natural gas to produce hydrogen.

<sup>(2)</sup> CO<sub>2</sub> emissions, calculated based on the production data for the installations covered by the emission trading scheme. The data for 2014 will be subject to verification in accordance with Art. 59 of the Act on Trading in Greenhouse Gas Emission Allowances of April 28th 2011.

As at December 31st 2014, based on the limit of allowances for 2014 to be allocated under the EU ETS system and the actual volume of emissions, the Group reported a deficit of allocated CO<sub>2</sub> emission allowances, and therefore recognised a PLN 2,784 thousand provision in 2014 (December 31st 2013: PLN 1,527 thousand). The PLN 1,257 thousand effect of the provision on operating profit (after reversal of the provision of PLN 1,527 thousand recognised in the previous reporting period) was disclosed under other expenses (see **Note 9.4**)

Moreover, to cover the deficit, in 2013 the Group acquired 923 thousand of CO<sub>2</sub> emission allowances (EUA, ERU), valued at PLN 23,430 thousand, which were disclosed in its statement of financial position under *Other intangible assets* (see **Note 15** <http://raportroczny.lotos.pl/en/financial-information/consolidated-financial-statements-for-2014/notes-to-the-financial-statements/15.-other-intangible-assets>).

In total, the Group was allocated 1,766 thousand of CO<sub>2</sub> emission allowances for 2013, while the Group's actual CO<sub>2</sub> emissions in the period totalled 1,745 thousand tonnes.

For information on the risk related to prices of CO<sub>2</sub> emission allowances, see **Note 32.2**.

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The Notes to the consolidated financial statements are an integral part of the statements.  
(This is a translation of a document originally issued in Polish)