

IJGlobal ESG Award – Wind, Europe – Lada Wind Farm

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The 35MW Lada Wind Farm wins the IJGlobal ESG Award 2023 for wind power in Europe, primarily based on the pioneering role it plays in decarbonisation of the steel industry in Poland.

The Polish onshore wind farm [reached financial close](#) in February (2023) and saw Sienna Private Credit as sole junior lender provide the 7-year €15.8 million fixed-rate loan. This was supported by a term loan and VAT facility amounting to €53.8 million from PKO Bank Polski.

The project is sponsored by Re Alloys which is owned by Luma Holding, the fourth largest producer of ferrosilicon in Europe.

It forms part of the Going Green group-wide initiative as electricity produced will be consumed in-house, enabling CO2 savings of 61,500 tonnes per year supporting decarbonisation of Re Alloys' operations.

Project Dzwola, the junior debt financing element – stands out as a unique initiative as, alongside delivering genuine decarbonisation of the steel industry, it will provide sustainable livelihood and development of critical technical know-how to its immediate communities as well as the redevelopment of Europe's industrial independence.

This is the first of Re Alloys' initiatives to transition to a sustainable business model by producing electricity from renewable sources.

According to the submission: "In our view, this will increase Re Alloys' business viability over the long term. Certainty of power supply equates to better control and visibility of cash flows, which would render operations competitive and would position it for long-term growth.

"This then reduces incentives to relocate to cost-favourable geographies, therefore ensuring stable employment to Re Alloys' immediate communities. Concurrently, technical know-how locally would be preserved and would develop alongside the growth of the company.

"Finally, increased business resiliency should promote new R&D investments or production economies of scale, continuing the virtuous cycle that fosters innovation and reinforces competitiveness."

ESG impact

The immediate impact of the project is the permanent displacement of fossil fuel use in Poland, a country that remains heavily dependent on thermal power.



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Further, it will reduce the impact of the steel industry – an essential industry that will continue to be a critical part of economies for years to come – which contributes to 7% of global emissions.

In addition to that, as steel is vital for renewable infrastructure, the project also addresses a criticism against the renewable energy industry due to the carbon-intensive activities it entails that offset environmental benefits.

Another substantial impact is the protection of local jobs, preservation of critical technical know-how and development of human capital as operational stability and growth is reinforced by the consumption of internally produced renewable electricity.

The submission states: “We believe that this project sets a concrete example to heavy industry corporates of a profitable and sustainable business model. While there are strong theoretical arguments for such business models, there has been a dearth of practical cases proving this, especially in the heavy industry sector that is highly carbon intensive. It sends a strong message to the industry to raise its standards and to aim for genuine transition to sustainable operations.”

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