

Press release**DONG Energy to stop all use of coal by 2023**

DONG Energy has decided that by 2023, coal will no longer be used as fuel at the company's power stations. The decision is a result of the company's vision to lead the way in the transformation to a sustainable energy system and to create a leading green energy company.

Since 2006, DONG Energy has reduced its coal consumption by 73 per cent, and the company has now decided to entirely phase out the use of coal. By 2023, the use of coal as fuel at DONG Energy's power stations will have stopped completely. The power stations will be replacing coal with sustainable biomass.

"We've decided to take the final step and phase out the use of coal at all our power stations. The future belongs to renewable energy sources, and therefore we're now converting the last of our coal-fired power stations to sustainable biomass. The decision is in line with our vision to lead the way in the transformation to a sustainable energy system and create a leading green energy company," says Henrik Poulsen, CEO.

Coal is still one of the most commonly used fuels worldwide. Around 40 per cent of the world's electricity is produced from coal, even though coal is the fuel emitting the most CO₂. DONG Energy is the first among the large European energy companies to decide to phase out coal for the production of electricity and heating completely.

73% less coal since 2006

Since 2006, DONG Energy has reduced its coal consumption by 73 per cent through a reduction in the number of power stations as well as conversions to sustainable biomass instead of coal. At the same time, the company has constructed more production capacity based on offshore wind than any other company in the world. This means that in just one decade, DONG Energy will have gone from being one of the most coal-intensive utilities in Europe to being among the greenest energy companies in Europe.

Since 2002, DONG Energy has used wood pellets and wood chips as fuel at both Herring Power Station and Avedøre Power Station, and over the years, the company has increased the share of biomass at the two power stations. In 2016, both Studstrup Power Station near Aarhus and Avedøre Power Station near Copenhagen were converted to run 100 per cent on wood pellets and straw, and during the spring of 2017, Skærbæk Power Station near Fredericia will be able to run 100 per cent on wood chips.

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2 February 2017

DONG Energy (NASDAQ OMX: DENERG) is one of Northern Europe's leading energy groups and is headquartered in Denmark. Around 6,200 ambitious employees develop, construct and operate offshore wind farms, generate power and heat from our power stations as well as supply and trade in energy to wholesale, business and residential customers. In addition, we produce oil and gas, and a process has been initiated to divest this business unit. The continuing part of the Group has approx 5,800 employees and generated a revenue in 2016 of DKK 61 billion (EUR 8.2 billion). Read more on www.dongenergy.com.

With DONG Energy's decision to stop all use of coal by 2023, a future solution must now be prepared for the company's remaining two coal-fired power stations: Asnæs Power Station and Esbjerg Power Station. DONG Energy is in dialogue with the heating customers in Kalundborg and Esbjerg regarding the possibilities of converting the two power stations to use wood chips as fuel instead of coal when the existing heating agreements expire at the end of 2017 and 2019, respectively.

"Our cooperation with our heating customers is good. The large cities have ambitious goals to reduce their CO2 emissions and demand green district heating from our power stations. In cooperation with the municipal heating companies, we've already converted a large part of our power plants to using sustainable wood pellets and wood chips as fuel instead of coal and gas," says Henrik Poulsen.

The municipal district heating companies in Copenhagen and Aarhus, for whom DONG Energy's power stations produce district heating, welcome the decision.

Morten Kabell, Mayor of Technical and Environmental Affairs of Copenhagen and Chairman of the Metropolitan Copenhagen Heating Transmission company (CTR), says: "I'm pleased that DONG Energy is now removing the last coal from Copenhagen. It's a huge contribution to our efforts of making Copenhagen the world's first CO2-neutral capital. Through our heating contracts, CTR has contributed to making the district heating from Avedøre Power Station green, and now coal is disappearing altogether. It is an important element in our strategy that all heating must be CO2-neutral by 2025."

Steen Christiansen, Mayor of the municipality of Albertslund and Chairman of the district heating company VEKS, says: "The decision is fully in line with VEKS' objective to supply CO2-neutral district heating by 2025. VEKS and DONG Energy agree that the phase-out of coal mustn't influence the high reliability of supply that we currently have when it comes to the district heating supplied by Avedøre Power Station. We're pleased that Avedøre Power Station will now be 100 per cent coal-free."

Kristian Würtz, Alderman for the Department of Technology and Environment in Aarhus, says: "We have an ambition to make Aarhus CO2-neutral by 2030. With the decision to stop all use of coal at Studstrup Power Station in the future, our transformation to green energy is taking a big step in the right direction."

More than half of Denmark's reduction in CO2 emissions

Denmark's total annual emissions of greenhouse gases have been reduced by approximately 25 million tonnes CO2 from 2006 to 2016, and DONG Energy's share of the reduction amounts to approximately 53 per cent. As a result of the

decision to completely phase out coal, DONG Energy expects its share of Denmark's total reduction to remain at this level from 2016 to 2023.

In 2023, the company will have reduced its annual CO2 emissions by almost DKK 18 million tonnes compared to 2006 levels. The total reduction corresponds to the annual emissions of more than 9 million cars. In 2023, the company's electricity and heating production will emit approximately 0.5 million tonnes CO2 annually, primarily from gas-fired boilers covering peak loads in the district heating system and situations with lack of power.

DONG Energy is Denmark's largest producer of green energy. And as a result of the decision to stop all use of coal, the citizens of Denmark will get more green energy in overall terms in the future.

"With the combination of electricity from our offshore wind farms and green district heating as well as flexible green power from our biomass-fired power stations, we are well on our way towards a green, independent and economically sustainable energy system," says Henrik Poulsen.

Strict biomass requirements

Wood pellets and wood chips from sustainable forestry provide considerable CO2 reductions compared to using coal and gas. The wood pellets and wood chips primarily come from residual products such as branches, twigs and thinning trees as well as from sawdust from the furniture and saw mill industries.

All DONG Energy's suppliers of wood pellets and wood chips must ensure that the biomass they supply comes from sustainable forestry where the woods are replanted, and biodiversity is protected.

"When we use sustainable biomass, we achieve significant CO2 reductions in comparison to when we use coal and gas. Our wood pellets and wood chips originate from forest areas with continuous reforestation, meaning that new trees grow up to absorb the CO2 emissions created during the combustion of the biomass," says Henrik Poulsen.

With the Danish industry agreement for sustainable wood-based biomass, the entire Danish energy industry is committed to documenting sustainability in relation to the use of wood pellets and wood chips. The industry agreement became effective in 2016, and the documentation requirement will be phased in towards 2019, when suppliers will be controlled by independent auditors and certified if they meet the requirements.

The decision means that DONG Energy is now initiating the final stage of the conversion, so that by 1 January 2023, the company will no longer generate electricity and heating based on coal.

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