

Vattenfall pulls out of Poland

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Swedish power group Vattenfall on Tuesday announced that it was pulling out of the Polish market after reaching deals to sell two subsidiaries in the country, GZE and VHP, for 1.8 billion euros (\$2.6 billion).

Under two separate deals, the Swedish company said it had agreed to sell Vattenfall Heat Poland (VHP), Warsaw's "leading heat and electricity generation company" to Polish gas company PGNiG for 720 million euros, while its Gornoslaski Zaklad Electroenergetyczny (GZE) would go to Polish energy firm Tauron for 1.1 billion euros.

Vattenfall said in a statement that it and both its buyers "expect the respective transactions to be completed by the end of 2011 after competition authority approval is obtained."

"Both sales agreements cover the entire Polish electricity, heat, distribution and sales business of Vattenfall," the Swedish company said, adding that the deals would allow it to focus on its three core markets: Sweden, Germany and the Netherlands.

Vattenfall posted a net loss of 2.7 billion kronor (301 million euros, 433 million dollars) in the second quarter, which it blamed largely on Germany's decision to gradually abandon nuclear power in the wake of the Fukushima disaster in Japan.

The company said Berlin's decision had cost it more than 10 billion kronor forcing through the permanent closure of the Brunsbuettel and Kruemmel plants in northern Germany, run and largely owned by Vattenfall.