

Green

Wind Farm Developer Gets Profit Boost from Burning Coal

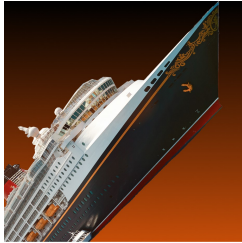
- Orsted raised its 2022 outlook thanks to coal-burning plants
- Europe is turning to coal for energy security this winter

By [Will Mathis](#)

November 3, 2022 at 3:23 AM EDT

Updated on November 3, 2022 at 4:28 AM EDT

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One of Europe's greenest utilities, [Orsted A/S](#), is set to make more money this year thanks in part to burning more coal as Europe turns to the polluting fuel to provide energy security.

While Orsted mostly generates electricity from an increasing fleet of wind farms at sea, it also has plants that produce power and heat from burning coal and biomass that have become more profitable as European power prices soar. Coal has become an increasingly important fuel in Europe this winter even as the bloc moves to phase out its use in the longer term to support its ambition to cut greenhouse gas emissions.


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Orsted now expects to make between 21 billion to 23 billion Danish kroner (\$2.8 billion-\$3.0 billion), up from a previous forecast of 20 billion to 22 billion kroner, the company said in an [earnings statement](#)  for its third quarter.

A major part of the increased earnings this year is due to its coal-fired combined heat and power plants that have been in higher demand, the company said in its report. An

alternative fuel, biomass, has been in scarce supply.

“Despite the highly unusual and volatile period with war, high inflation, and increasing interest rates Orsted has continued the build-out of renewable energy and the delivery of power and heat to our communities,” said Chief Executive Officer Mads Nipper.

Key to the company’s higher earnings this year has been the way it sells power forward. Its wind and solar farms actually saw a drop in earnings compared to the same period last year due to meeting hedged sales at elevated wholesale market rates. But it doesn’t hedge the electricity it sells from the combined heat and power stations, meaning it’s able to fully benefit from high electricity prices.

Emissions Up

The shift in generation led the company’s greenhouse gas emissions from heat and power generation to increase 9% in the first nine months of the year compared to the same period in 2021.

Orsted aims to close all of its coal-fired power generation, but it won’t be able to do so as quickly as previously planned. Earlier this year, the Danish government ordered the company to postpone the shutdown of three coal units to help guarantee the country’s energy security.

Orsted’s main business of building and operating offshore wind farms is increasingly important to Europe now as the region seeks to shift as quickly as possible away from fossil fuels to maintain its energy security this winter. But the company has been rocked in recent months by shifting regulatory risk as European countries seek to claw back money from power producers that benefit from rocketing prices.

Orsted fell as much as 5.2% in Copenhagen, the biggest intraday decline in five weeks. The stock has slumped more than 28% this year, following a 33% drop in 2021.

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