

MAKING A DIFFERENCE



KONRAD KOSICKI, PARTNER HEADING THE ENERGY AND NATURAL RESOURCES TEAM AT WOLF THEISS IN POLAND; AND KAROLINA LEWANDOWSKA, ASSOCIATE AT WOLF THEISS, WRITE ABOUT SOME WEAK POINTS OF THE REGULATORY SYSTEM THAT GOVERNS THE ENERGY SECTOR.

The removal of legal barriers to the deployment of energy storage has not proved to be a sufficient incentive to deliver stimuli to market development. The same is true for the provisions in 2022 *Mój Prąd 4.0*—a government program subsidizing the development of small power-storage facilities. A wisely structured subsidy program can stimulate the market to grow. It can also have educational effects regarding the market and its specifics. One such aspect, in the case of the Polish energy market, is that energy storage is an essential element of energy security.

TROUBLING SYMPTOMS

Significant increases in electricity prices are affecting both individual consumers as well as companies. This year, the tariff for the sale of one kWh has increased by around 24 percent. As energy companies have requested up to a 40 percent increase, one suspects that this is not the end of the increases, especially as electricity has become twice as expensive on the stock exchange over the year.

CLEARING REGULATIONS

The Polish low and medium-voltage grids are significantly overloaded. For this reason, distribution system operators face primarily technical problems. In their grid connection refusals, they cite the inability to maintain safe grid operation as the main argument.

It should be noted that overloading the grid at times when renewable energy sources are operating at full capacity can lead to serious breakdowns. This is where energy storages come to the rescue, which is an excellent solution because of their ability to react instantly to power fluctuations in the grid and thus, maintain an adequate load.

The operation of energy storage facilities in Poland is regulated by the Energy Law. The provisions of the amendment to the Energy Law, which are in force since November 2021, together with the executive regulation, have removed previous barriers to the development of energy storage, including, above all, the removal

ity with a power of no less than 200 MW and a capacity of over 820 MWh, at the Żarnowiec Pumped Storage Power Plant.

MONEY TO BUILD

The "Metering Act" also cancels double charging of distribution fees for storing energy. Grid charges are levied only on the difference between the energy taken from and delivered to the grid. The entrepreneur, therefore, pays only once.

However, the removal of basic legal barriers is not enough. What is needed today are such regulations that will clarify the use of storage facilities if only to provide services to distribution companies, but above all, a rational support system.

The EU offers subsidies under the Modernization Fund to support the energy transition in countries where climate neutrality is difficult to achieve. Poland is to receive the largest support of all beneficiaries, amounting to 43.4 percent of the total Modernization Fund

most of the funds earmarked for Poland, so one should not expect any subsidies from the Modernization Fund until the Polish government complies with the EU requirements.

NOT ENOUGH INCENTIVES

Nowadays, energy storage facilities are regarded as a luxury opted for by those who dream of energy self-sufficiency. Meanwhile, it is much more than that. Even today, when Europe is abandoning gas from Russia and energy independence is a burning issue, we do not focus enough on the fact that energy storage facilities are an essential part of a successful energy transition.

The problem of a small number of energy storage facilities in Poland will also not be solved by the solutions aimed at prosumers. The *Mój Prąd 4.0* subsidy program announced by the government in April 2022 includes support mechanisms for energy storage that were introduced in the Polish regulations.

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In addition, two new acts came into force in October this year: one on energy consumption limits, entitled "the Act on Special Measures to Protect Electricity Consumers in 2023 in Connection with the Electricity Market Situation", and the other on maximum electricity prices, entitled "The Act on Emergency Measures to Restrict Electricity Prices and Support Certain Consumers in 2023". They have introduced a new excess profits tax charged to energy generators.

of double charging of fees. According to the so-called "Metering Act", small energy storage facilities are not subject to registration, but this obligation applies to storage facilities of more than 50 kW. The construction of large storage facilities with a total installed electrical power of more than 10 MW requires a license from the President of the Energy Regulatory Office. Poland's first electricity storage license has been granted to the PGE Group, which plans to build Europe's largest energy storage facil-

budget, by 2030.

Admittedly, the money will be granted for the construction of energy storage facilities, but only those which will be integrated with a source of energy implemented at the same time as part of the same project. However, this is not Poland's biggest problem, given the current bad relations between the Polish government and the European Commission. A failure to meet the conditions set by the EU results in the freezing of

Subsidies for photovoltaic installations of 2-10 kW are entitled to up to PLN 4,000 in aid, but if the applicant simultaneously decides to invest in an energy storage facility, the PV subsidy increases to PLN 5,000, and for a 2 kW energy storage facility to PLN 7,500. However, according to media reports, there is much less interest in the current call for applications than earlier, in the third call, which started in July 2021.