

Polska



Securing business: Renewable energy support system

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The state of technology development and current energy market conditions does not guarantee costefficiency of power plants based on renewable energy sources. To fulfill the National Overall Target for the share of energy from renewable sources in gross final consumption of energy in 2020 set by the EU, Poland implemented a Renewable Energy (RE) support system.



The current system

Until 2015, the system of support for renewables in Poland was based upon the Energy Law and regulations of particular ministries. The national legislator introduced a quota system functioning on a basis of certificates of origin and different kinds of tradable renewable energy certificates (REC). The fundamental part of a quota system was renewables obligation order (ROO) - an amount of energy from renewable sources which energy traders have been obliged to sell. In Poland, the path for ROO has been set in the EU approved National Action Plan and announced by the regulator. Certain entities have been obliged to buy the whole amount of renewable energy directly from any RE power plant or have been forced to pay a replacement fee - a type of penalty. Those entities also had to provide grid access for any plant using renewable technology.

Certificates of origin are used by the regulatory authority to monitor the fulfillment of obligations, especially the procurement of energy under the renewables obligation order by the obliged entities. Those certificates are not tradable but the property rights bound to every certificate of origin are tradable goods on the energy market - the Towarowa Gielda Energii (TGE).

Property rights are the central part of the whole support system. The financial aid for the renewables in Poland is generated by the sale prices of those rights, commonly known as certificates (REC). There are a couple of types of tradable REC for different technologies and fuels.



Share of renewables in sale of electricity

Poland still generates about 85% of the overall electricity from lignite and coal. Due to the EU regulations and the implemented support system for renewable energy sources the share of electricity from renewables constantly increases.

Sales structure

Every year the market regulator announces a renewables obligation order that arranges the energy sales structure. Three different types of REC Yellow, Red and Violet describe the share of electricity coming from cogeneration in certain chosen technologies. Electricity available due to the increased energy efficiency is included by the White RECs. Green RECs are the share of electricity from renewable sources. The rest of the electricity sales called “Black energy” consists of conventional technologies and is been created by simple demand and support equilibrium on the energy market without any mandatory quotas.

RECs on the market

Prices for REC's have been created on the market. Without a differentiation between all the available technologies and because of the lack of certain market stabilization mechanisms, the current system generated volatile prices and endangered new investments. The experienced REC price fall showed an acute need for modern support system solutions.



The Renewable Energy Sources Act

The answer to the above problems related to the prices of REC's shall be **the Act on Renewable Energy Sources** (RES) passed by the Sejm of the Republic of Poland on the 16th of January 2015. The act implements crucial changes to the system of support for the energy produced from renewable sources. renewable energy sector obtained separate law regulations and a new approach to the support of electricity produced from renewable energy sources.

One of the most important changes introduced by **new laws pertaining actual legal framework** is the retreat from the system of certificates of origin to the auction system and implementing different regulations for micro renewables in the form of ability to settle up for energy company owners under the rules of net-metering, which means to settle up in net terms. During voting of this law, members of parliament reckoned . that the net-metering instrument would not guarantee the ability for the development of civic energy and decided on the enactment of the prosumer amendment pertaining to the introduction of feed-in-tariffs for the smallest renewable energy producers - the micro prosumers exploiting the smallest systems with capacities below 10 kW for the first time in Poland.

On December 29th 2015 the Parliament of the Republic of Poland adopted amendments to the Renewable Energy Act (Journal of Laws of 2015 No. 0 item 2365). The main goal of the amendment was to move the entry date of the auction system from 01.01.2016 to 01.07.2016. The entry date of feed-in-tariffs system for micro prosumers was moved to 01.07.2016. Another significant change The implemented in 2016 was the removal of the system of feed-in-tariffs, and implementation of so called "discount" system.

Under the new system, which came into force with the amendment of the RES Act of 3rd of June 2016 (Journal of Laws of 2016 No. 0 item 925), **prosumers will be able to settle with their power plants on the basis of the "discount"**. For every kWh of energy introduced into the operator's network a prosumer becomes eligible to a relevant discount off the energy drawn from the network. The discount shall only apply to variable charges on the energy bill, i.e. energy prices and distribution costs, but will not cover fixed charges (fees RES or transitional payment). The amount of rebate will be 1:0.8 in the case of installations with a capacity of up to 10 kW, and 1:0.7 in the case of larger micro-installations of up to 40 kW. With such a settlement rules in the system of discounts will not be able, however, benefit entrepreneurs, as well as entities which do not have comprehensive agreements.

Additionally, on the 15th of July 2016 a new Act was introduced concerning the investments in wind power plants. The act imposed a rule according to which a windmill may be located at a distance of not less than 10 times its height (with the rotor and blades) from residential buildings and mixed areas, as well as areas particularly important from an environmental point of view (eg. national parks and landscape or nature reserves), i.e. 1500-2000 meters. What is more, if the existing wind power plants do not meet these criteria, they may not be modernised and expanded.



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