

POLAND'S NEW STRATEGY FOR RESPONSIBLE DEVELOPMENT RAISES QUESTIONS ABOUT THE COUNTRY'S PATH TO DECARBONISING ITS ECONOMY

OVERVIEW

On 29 July 2016, the Polish Ministry of Development published a Strategy for Responsible Development which, among other issues, outlines the country's vision for energy and environmental policy. The Strategy is currently under public consultation, which is due to end on 30 September 2016.

While the strategy sets out a number of goals, such as modernising the energy sector, diversifying energy sources, energy security, decreasing primary energy use, safeguarding a more wide-spread use of renewables, and the deployment of nuclear energy and support for low-carbon transport, it fails to provide consistent action points on how these objectives should be reached.

There are four strategic areas of policy focus:

1. Energy Efficiency – While a key element of the strategy is improving the energy efficiency of buildings and enterprises, the implementation of this provision (strategic projects) focuses on nuclear cogeneration, unconventional gas, power market design, and a handful of renewable projects, failing to mention actual energy efficiency projects.
2. Energy Security – The strategy aims to ensure a stable supply of coal, development of gas infrastructure, diversification of gas sources and ensuring the right design for EU electricity markets. However, strategic projects listed under this policy area only relate to the roll out of nuclear energy (Nomaten project – IV generation of uranium reactors). In addition, hydroenergy is mentioned as a project of key importance to the country's energy security (investment in small and large hydro projects).
3. Modernisation and development of the energy sector – Poland will aim to improve its current, old and highly inefficient electricity grid (while introducing smart grids) and modernise its gas network as well as its underground storage capacity. As such, it will aim to focus on three strategic projects: smart power grid, establishing Poland as a regional gas hub, and the development of electro-mobility.
4. Restructuring of the coal industry – The strategy clearly outlines the high costs of coal exploration in Poland; and an increasing problem with the oversupply of coal on global markets. The key strategic action that the government is planning to undertake is related to increasing the efficiency of coal mines, ensuring the right level of investments and adjusting its exploration of the market needs.

PROBLEM AREAS

Reduction of GHG emissions

The strategy notes that reducing GHG emissions will be a difficult task, as Poland is dependent on coal. ETS is outlined as an important tool to cut emissions. At the same time, the strategy notes that the biggest challenge is not about decreasing coal usage but cutting emissions from non-ETS sectors (transport and buildings). As such it focuses on reducing of transport emissions and lists such initiatives as eco-transport modes in cities, promoting of cycling, developing charging stations for low-carbon buses and cars, and improving public transport in cities. Several actions are also planned regarding tackling emissions from buildings, however this seems not to be an area of strategic importance, considering the strategy mentions very little regarding this issue and does not list any strategic projects related to it.

Air quality

Air pollution is a key challenge for Poland, and the strategy devotes much attention to it. The government aims to introduce air quality requirements for solid fuels as well as for small, solid fuel boilers, reduce emissions from transport and “increase the dynamism of activities aiming at reduction of air pollution”. Integrated activities around air quality will be a key strategic project for Poland. Despite the fact that reducing emissions from coal would be a strategic objective for Poland, there are not many actions planned regarding decreasing emissions from heating (except a few elements related to boilers). This raises the question about whether the above mentioned actions would be sufficient to improve air quality.

Renewable energy

Development of renewable energy in Poland seems not to be a priority for the Polish government. The reference to “deployment of stable renewable energy” in the strategy suggests that energy sources such as wind and solar will be most disadvantaged in the future, while large scale hydro-energy and biogas will benefit the most from this provision. Recent amendments to the Renewable Energy Bill (from June 2016) confirm this. Small producers of renewable electricity will find themselves in a very unstable market, as recent changes to the Renewable Energy Bill relax the obligation for energy retailers to buy energy from renewable energy sources and also limit the support for so-called ‘prosumers’ (producer + consumer).

Nuclear

The government outlines that the first segment of the nuclear power plant (NPP) will become operational in 2026, however market analysts believe that 2030 is a more feasible timescale. Poland is considering cooperation with China on the development of the nuclear power plants. At the same time, cost-related issues have not yet been addressed suggesting that the development of NPP might be a lengthy process.

Natural gas

Development of Poland as a regional gas hub seems to be one of the key projects. Poland aims to have greater gas flexibility while diversifying its gas delivery routes. Shale gas is mentioned several times in the strategy as a means to increase the country’s energy security. At the same time, the development of a regional gas market and ensuring security of gas supply is also one of the key priorities of the Polish V4 (Visegrad) Group Presidency Priorities. The V4 in particular will aim at improving LNG import arrangements (port in Swinoujscie), continuing a common voice on Nord Stream 2, strengthening a single gas market, and deepening regional cooperation on Security of Gas Supply Regulation (SoS).

Changes to Polish Law

The strategy outlines a number of planned changes to the current Polish law. Firstly, it states that smart metering will be added to Polish energy law. The lack of legislation on smart meters has been holding back the country from a wider scale roll-out of smart meters.

Poland will also develop a GHG emission reduction policy for the sectors which are not covered by the ETS. As such, the Polish government will aim at creating a legal framework aiming at: increasing consumer’s awareness related to impact of air pollution; standardisation of heating appliances and heating fuels; and development of mechanisms controlling the low-emission energy sources .

NEXT STEPS

The consultation will run until the end of September 2016. Opinions and suggestions on the draft strategy can be submitted electronically using the form available [here](#) (available in Polish).

As part of the consultation process the Polish Ministry of Development will organize a number of meetings regarding each of the strategy sectors.

About FleishmanHillard’s Energy Team

Our team’s expertise ranges from issues management, advocacy and campaigning through to media services and corporate reputation management. And we have unique strength in managing organisations’ responses to the interplay between energy policy, environmental concerns and the need for competition in Europe’s internal market and in profiling industry expertise as a way to shape energy debates. Follow us on [Twitter: @FH_EnergyEU](#). Check our website for more information: <http://fleishmanhillard.eu/>.

Contact Details

Brussels	Warsaw
Ewa Abramiuk-Lété	Marta Nowicka
E: ewa.abramiuk@fleishmaneuropa.com ;	E: marta.nowicka@fleishmaneuropa.com ;
T: +32 2 234 68 94	T: +48 22 532 95 40