

PRESS RELEASE**LACK OF REGULATION FOR ENERGY STORAGE HARMS THE DEVELOPMENT OF RENEWABLE ENERGY SOURCES IN POLAND**

Warsaw, 29 June 2020 – The issue of energy storage has been discussed in Poland for several years. "The first experimental investments in this area have already started, but the lack of announced regulations, which were expected at the beginning of this year, has had a negative impact on the entire market environment", alerts Konrad Kosicki, who heads the Energy Team in the Warsaw office of Wolf Theiss. Meanwhile, an increasing number of countries in the CEE region are putting the development of storage systems as a key to the future of their energy networks.

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Efficient energy storage is one of the necessary conditions for the successful use of renewable energy sources (RES), since the production of renewable energy is often dependent on the weather or time of day. As the market develops, the need for energy storage will increase, and the lack of regulation in this area is a loss for the whole energy industry.

"With the exception of pumped storage power plants, there is basically no regulation on storage capacity in Poland. The proposal of a bill, which was supposed to create a support system for storage, was expected as early as March this year, but detailed solutions are not known at this stage," the Wolf Theiss Guide to: "Generating Electricity from Renewable Sources in Central, Eastern & Southeastern Europe for 2020"¹, which was authored by lawyers from 12 Central and South-Eastern Europe (CEE/SEE region) offices of Wolf Theiss.

For over a year, the industry has been expecting not only a simplification of the procedures for connecting electricity storage facilities to the grid, but also solutions that will promote the connection of these sources integrated with storage facilities. "Currently, in Polish energy law, apart from the very definition of energy storage, we have practically no regulations, although an amendment was planned for the end of 2018. The rules of cooperation between warehouses, the grid and customers have not been defined, which effectively deters investors by increasing the risk, which is one of the basic parameters on the RES market," says Konrad Kosicki with Wolf Theiss.

Storage systems can significantly affect the flexibility of the network, but also be, in a sense, equivalent to investment in the development of transmission networks, increasing the capacity of the power system.

"Although the solutions for the bonus of RES integrated with storage capacity are already in the so-called energy tri-pack, these regulations have not entered into

¹<https://www.wolftheiss.com/knowledge/wolf-theiss-guides/detail/the-wolf-theiss-guide-to-generating-electricity-from-renewable-sources-in-central-eastern-southe/>

force. Meanwhile, the market is not standing still and is building know-how, which may be missing in Poland at a decisive moment," stresses Konrad Kosicki.

According to Wolf Theiss' energy guide, Poland's neighbors and other countries in the region have included energy storage in their strategies to varying degrees, and some are already implementing relevant programs. As stated in the guide, "Electricity storage facilities are considered to be one of the key technologies for transforming the energy system in line with new EU requirements and the Austrian strategy #mission2030."

In addition to Austria, Bulgaria has planned electricity storage projects worth EUR 400 million, Hungary is implementing a program that will stimulate energy storage and strengthen the transmission capacity of their system, and Romania is very advanced in this respect and has already introduced a legal framework for the development of electricity storage and balancing infrastructure in 2014 with a number of tax exemptions for investors. A pioneering project of a 1MW battery storage station was already implemented by Romania in 2018 (in the district of Constanta, where Europe's largest wind power plant is located).

According to the draft National Energy and Climate Plan for 2021-2030 (NECP), currently about 77% of electricity in Poland is produced from hard and brown coal, and in 2030 this ratio should fall to 60%. This means that without support for storage capacities with a growing share of RES, Poland's system will be less effective and will require significant investments to replace the storage capacity.

ABOUT WOLF THEISS

Wolf Theiss is one of the leading European law firms in Central, Eastern and South-Eastern Europe with a focus on international business law. With 340 lawyers in 13 offices located in Albania, Austria, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine, Wolf Theiss represents local and international industrial, trade and service companies, as well as banks and insurance companies. Combining law and business, Wolf Theiss develops comprehensive and constructive solutions on the basis of legal, fiscal and business know-how.

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