

PRESS RELEASE**THE ANNOUNCEMENT OF THE LIBERALIZATION OF THE 10 H RULE IS STILL NOT ENOUGH TO IMPROVE THE ENERGY MIX**

Warsaw, 6 July 2021 – Liberalization of the 10 H principle has not only been delayed by at least one year, but it may also fail to bring the intended effect, which should be an improvement in the energy mix. Instead of making the investment process easier, it may damagingly prolong it.

As recently as September 2020, representatives of the Ministry of Climate and Environment admitted that the EU target of 15% of energy from renewable sources (RES) in the energy mix by 2020 could actually be met by Poland in 2021 or 2022. Poland has one of the lowest shares of RES in the energy mix in the EU. At the same time, energy prices on the wholesale market are among the highest.

"The proximity rule has made it virtually impossible to develop any new projects since its introduction in 2016. So far, investments have been finalized on the basis of building permits obtained before the 10 H rule came into force. Currently, new onshore wind farms are not being developed. It is already being said that in the reality of the relaxed law the investment process may be extended by up to 7 years. This is a dangerously long period of time, which calls into question the profitability of new onshore wind investments," – says Konrad Kosicki, head of the energy practice at the Warsaw office of Wolf Theiss.

According to the Polish Energy Policy, by 2040 (PEP2040), the share of RES in the energy mix should be at least 30%. As deputy head of the Ministry of Development, Labour and Technology, Anna Kornecka, stated: "The gulf between the current and the future state cannot be filled by offshore wind energy and photovoltaics. Onshore wind energy will also be necessary".

The relaxation of the 10 H rule is to be voted on by the Parliament in September or October at the earliest. The bill assumes that the 10 H rule will be retained, but in special cases communes will be able to decide on the location of wind power plants within their local spatial development plans. However, the most controversial issue is the consultation procedure with local communities, which may significantly prolong the investment process.

"Poland has excellent conditions for use of wind as a basis for green energy. Certainly this potential is greater than in the case of photovoltaics. In recent years, photovoltaics have taken up the funds that could have been used to develop new energy sources from wind. The growth of photovoltaics is certainly beneficial and needed, but it does not have to go hand in hand with stunting wind development. Maintaining the 10 H rule and introducing exemptions to it is certainly a step in the right direction. One may wonder, however, why the 500 m rule, which is slowly becoming a standard in the EU, was not introduced. The announced changes may

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result in the fact that instead of additional 6-10 GW of wind energy that may be generated in the coming years, investment processes will get stuck at the stage of acquiring permits, which will depend on factors which are hardly objective," – Kosicki concludes.

It is estimated that 10 percent of all energy generated in Poland last year was generated from wind. The EU average is ca. 16%. EU leaders, such as Denmark or Ireland, generate 36% of their energy from wind. At the end of 2020 the wind power capacity in the country exceeded 6 GW.

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