

# NATIONAL REPORT

---

2023

of the President  
of URE



Energy  
Regulatory Office

July 2023







## ABBREVIATIONS USED IN THE REPORT

ACER	Agency for the Cooperation of Energy Regulators
Directive 2009/73/EC	Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (EU OJ L 211/94, as amended)
Directive 2019/944	Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (EU OJ L 158/125, as amended)
ENTSO-E	The European Network of Transmission System Operators for electricity
GK PGNiG	Polskie Górnictwo Naftowe i Gazownictwo S.A. group
DNC	Distribution Network Code
TNC	Transmission Network Code
NES	National Electricity System
NEMO	Nominated Electricity Market Operator
OGP Gaz-System S.A.	Operator Gazociągów Przesyłowych Gaz-System S.A.
DSO	Distribution System Operator
SSO	Storage System Operator
TSO	Transmission System Operator
RES	Renewable Energy Sources
PGNiG S.A.	Polskie Górnictwo Naftowe i Gazownictwo S.A.
President of URE	President of Energy Regulatory Office
President of UOKiK	President of Office of Competition and Consumer Protection
PSE S.A.	Polskie Sieci Elektroenergetyczne S.A.
PSG Sp. z o.o.	Polska Spółka Gazownictwa Sp. z o.o.
Regulation No 715/2009	Regulation (EU) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (EU OJ L 211/36 as amended)
Regulation 2015/1222	Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (EU OJ L 197/24, as amended)
Regulation 2016/631	Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators (EU OJ L 112/1, as amended)
Regulation 2016/1388	Commission Regulation (EU) 2016/1388 of 17 August 2016 establishing a Network Code on Demand Connection (EU OJ L 223/10)
Regulation 2016/1447	Commission Regulation (EU) 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules (EU OJ L 241/1)

Regulation 2016/1719	Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation (EU OJ L 259/42, as amended)
Regulation 2017/1485	Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation (EU OJ L 220/1, as amended)
Regulation 2017/2195	Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing (EU OJ L 312/6, as amended)
Regulation 2017/2196	Commission Regulation (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration (EU OJ L 312/54 as amended)
Regulation 2019/943	Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (EU OJ L 158/54, as amended)
REMIT Regulation	Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (EU OJ L 326/1)
BAL NC	Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (EU OJ L 91/15)
CAM NC	Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (EU OJ L 72/1)
INT NC	Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules (EU OJ L 113/13)
TAR NC	Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (EU OJ L 72/29, as amended)
electricity system ordinance <i>repealed on 13 May 2023</i>	Ordinance of the Minister of Economy of 4 May 2007 on detailed conditions of electricity system operation (JoL of 2007, No. 93, item 623, as amended)
gas tariff ordinance	Ordinance of the Minister of Energy of 15 March 2018 on the detailed rules for development and calculation of tariffs and settlements in trade in gaseous fuels (JoL of 2021, item 280)
SGT EuRoPol GAZ S.A.	System Gazociągów Tranzytowych EuRoPol GAZ S.A.
TGE S.A.	Towarowa Giełda Energii S.A.
TPA	Third Party Access
EU	European Union
URE, the Office	Energy Regulatory Office
Energy Law Act, the Act	Energy Law Act of 10 April 1997 (JoL of 2022 item 1385, as amended)
Act on Electromobility and Alternative Fuels, Electromobility Act	Act of 11 January 2018 on electromobility and alternative fuels (JoL of 2023 item 875)
RES Act	Act of 20 February 2015 on renewable energy sources (JoL of 2022 item 1378, as amended)
Capacity Market Act	Act of 8 December 2017 on the Capacity Market (Journal of Laws of 2021, item 1854, as amended)
Act on Stocks	Act of 16 February 2007 on stocks of crude oil, petroleum products and natural gas, the principles of proceeding in circumstances of a threat to the fuel security of the State and disruption on the petroleum market (JoL of 2022 item 1537, as amended)

*Legal status as at 18 July 2023*

## 1. FOREWORD

*Dear All,*

This National Report of the President of URE provides an in-depth insight into the situation on the Polish electricity and gas market in 2022.

The year just passed saw unprecedented dynamics of change and challenges related to, among others, an unprecedented number of new national and EU regulations. The extraordinary situation on the global market related to Russia's aggression against Ukraine increased the risk of constraints in the supply of raw materials. The reduction of gas supplies by Gazprom (among others, supplies to Poland, from April 2022 onwards) caused dramatic increases in the price of this fuel, and consequently also led to increases in the price of electricity in the EU.

Last year's geopolitical situation raised awareness of the role of the regulator in the energy crisis and the need for changes in the widely perceived energy market, aimed at ensuring energy security. A number of Polish companies faced unpredictability and risks. As a result of the uncertainty on the commodity markets, a range of solutions had to be adopted in the current law, which was reflected in regulations ensuring the protection of customers and securing continuity of supply. Extraordinary protective measures were put in place, such as freezing the prices of gaseous fuels for customers covered by a tariff approved by the President of URE, a mechanism for freezing electricity prices for specific consumption limits, and a guaranteed maximum price. This applied to various groups of customers, including households, public utilities, local governments, micro, small and medium-sized enterprises.

Due to the challenges of transition in the energy sector, a historic and unprecedented agreement between the sector regulator and the five largest distribution system operators was reached in November 2022 – the so-called “Charter for the Effective Transformation of the Distribution Networks of the Polish Power Industry”. This project is designed to create a stable regulatory environment for energy companies, necessary for investments in network modernization and development, and to facilitate the raising of investment funds from sources other than tariffs.

The year 2022 was also special, as we celebrated the 25th anniversary of the enactment of the Energy Law Act and the granting of the first statute to the Energy Regulatory Office. Over 25 years of the Office's activity shows the significance of the regulator's role in the energy market. During this time, we have gained a number of major functions, becoming a body that consistently fulfils regulatory obligations in accordance with Polish and EU law.

A detailed description of the condition of the electricity and gas market in Poland and actions taken by the Polish Regulator in 2022 have been presented in this National Report of the President of URE, submitted to the European Commission and ACER. In doing so, the President of URE fulfils its reporting obligation under Polish and European law.



## 2. LEGAL AND REGULATORY CHANGES IN THE ELECTRICITY AND GAS MARKET

Similarly to previous years, the year 2022 saw very intensive legislative work dedicated to significant amendments to the Energy Law Act.

In 2022, a quarter of a century passed since the enactment of the Energy Law Act. During this period, it was repeatedly amended (dozens of times), and its consolidated text was also promulgated nine times<sup>1)</sup>. It should be emphasised that the repeated (within one year) amendments to the Energy Law Act make its provisions increasingly complex.

Article 23 of the Energy Law Act continues to be the basic provision defining the tasks of the President of URE. After numerous amendments over the twenty-five years of the regulator's activity, this provision contains an extensive catalogue of competencies of this body, determined by the increasing range of obligations on the part of energy enterprises. These amendments have resulted in the competencies of the President of URE being placed in various national legal acts, regulating separate segments of the market:

- 1) Energy Law Act,
- 2) RES Act,
- 3) Act on the Promotion of Electricity Generation in Offshore Wind Farms<sup>2)</sup>,
- 4) Capacity Market Act,
- 5) Energy Efficiency Act<sup>3)</sup>,
- 6) CHP Act<sup>4)</sup>,
- 7) Act on Biofuels<sup>5)</sup>,
- 8) Act on Stocks,
- 9) Act on Long-Term Costs Release<sup>6)</sup>,
- 10) Act on Electromobility and Alternative Fuels,
- 11) Act on the System for Monitoring and Controlling Fuel Quality<sup>7)</sup>,
- 12) Act on Statistics<sup>8)</sup>,
- 13) Public Procurement Act<sup>9)</sup>,
- 14) Act on the Compensation System<sup>10)</sup>,
- 15) ADR Act<sup>11)</sup>,
- 16) Temporary Act on Support for Customers in Fuel and Energy Markets.

---

<sup>1)</sup> Latest consolidated text: Notice of the Speaker of the Sejm of the Republic of Poland of 19 May 2022 on publication of the consolidated text of the Energy Law Act, Journal of Laws of 2022, item 1385.

<sup>2)</sup> Act of 17 December 2020 on the Promotion of Electricity Generation in Offshore Wind Farms (Journal of Laws of 2022, item 1050, as amended).

<sup>3)</sup> Act of 20 May 2016 on Energy Efficiency (Journal of Laws of 2021, item 2166).

<sup>4)</sup> Act of 14 December 2018 on the Promotion of Electricity from High Efficiency Cogeneration (Journal of Laws of 2022, item 553).

<sup>5)</sup> Act of 25 August 2006 on Bio-components and Liquid Biofuels (Journal of Laws of 2022, item 403, as amended).

<sup>6)</sup> Act of 29 June 2007 on the Principles of Covering Costs Arising at Generators in Connection with Early Termination of Long-Term Agreements for the Sale of Electricity and Power (Journal of Laws of 2022, item 311).

<sup>7)</sup> Act of 25 August 2006 on the System of Monitoring and Controlling Fuel Quality (Journal of Laws of 2022, item 1315, as amended).

<sup>8)</sup> Act of 29 June 1995 on Public Statistics (Journal of Laws of 2023, item 773).

<sup>9)</sup> Act of 11 September 2019 on Public Procurement Law (Journal of Laws of 2022, item 1710, as amended).

<sup>10)</sup> Act of 19 July 2019 on the Compensation System for Energy-intensive Sectors and Subsectors (Journal of Laws of 2023, item 296, as amended).

<sup>11)</sup> Act of 23 September 2016 on Alternative Dispute Resolution for Consumer Disputes (Journal of Laws 2016, item 1823).



Irrespective of the above, the President of URE also performs a number of obligations arising from EU regulations, which are directly applicable without the obligation to implement them into national legal order.

In the past year, despite numerous amendments to the Energy Law Act, the wording of Article 23 para. 2 defining the tasks of the President of URE remained largely unchanged. However, a legislative tendency occurred to scatter a number of new tasks of the regulator in a great number of newly adopted acts.

In 2022 the President of URE was entrusted with a number of tasks of an interventionist and preventive nature.

The above is a consequence of the geopolitical situation, which called for actions aimed at protecting energy and gas customers, in particular vulnerable customers. Accordingly, a number of regulations were introduced to ensure the availability of supplies and to statutorily restrict the increase in the prices of energy, gas and heat for certain groups of customers by establishing maximum prices, while at the same time guaranteeing the right to pay compensation to energy companies obliged to use prices lower than market prices in settlements with certain customers.

Key legislative changes introduced in 2022:

1) the Act of 26 January 2022 on Special Solutions for the Protection of Customers of Gaseous Fuels due to the Situation on the Gas Market<sup>12)</sup> – entered into force on 29 January 2022. This Act expanded the groups of gaseous fuels customers for whom energy companies are obliged to apply tariffs approved by the President of URE and established a system of compensation for energy companies incurring higher costs of purchasing gaseous fuels,

2) the Act of 24 February 2022 amending the Energy Law Act<sup>13)</sup>

The provisions of this Act came into force on 26 March 2022. The principal changes made by the Act include:

- clarification of the regulation related to connection to gas operators' networks, e.g. regarding connection fees;
- specification of the competences and obligations of gas system operators;
- further specification of the competences of the President of URE with respect to establishing the content of the agreement entrusting the performance of the duties of a gas transmission system operator;
- specific provisions concerning the process of establishing tariffs by gas operators,

3) the Act of 5 August 2022 amending Certain Acts to Strengthen Gas Security of the State due to the Situation on the Gas Market<sup>14)</sup> – entered into force on 1 September 2022. It contains powers for the minister responsible for energy to, for example, prepare a development plan and a preventive measures plan in case of emergency situations. It also introduces the obligation for the storage system operator to prepare development plans for meeting current and future storage facility capacity needs. In addition, regulations applicable in the event of a planned change of the type of gaseous fuel supplied in the gas network from nitrogenous natural gas to high-methane natural gas have been established. The quota limit for the obligation to obtain a licence for trading in gaseous fuels has been abolished. A temporary waiver of the obligation to sell high-methane natural gas on commodity exchanges and regulated markets was allowed in the event of the declaration of a state of emergency under the provisions of the Act on Stocks. In addition, the final date for the obligation of energy companies trading in gaseous fuels to submit tariffs for certain groups of customers to the President of URE for approval was extended.

The Act of 5 August 2022 amended the Act on Stocks. This amendment introduced a definition of the gas security of the state and established and specified the principles of proceeding in the event of jeopardized gas security of the state and the need to fulfil international obligations (including

---

<sup>12)</sup> Journal of Laws of 2022, item 202, as amended, hereinafter referred to as “the Act of 26 January 2022”.

<sup>13)</sup> Journal of Laws of 2022, item 631.

<sup>14)</sup> Journal of Laws of 2022, item 1723, hereinafter referred to as “the Act of 5 August 2022”.

- declaring a state of emergency, releasing mandatory natural gas stocks and introducing restrictions),
- 4) the Act of 7 October 2022 on Special Solutions for the Protection of Electricity Customers in 2023 due to the Situation on the Electricity Market<sup>15)</sup>. The amendments, which came into force on 18 October 2022, supplemented the regulations in the Energy Law Act related to the performance of tasks of default supplier,
  - 5) the Act of 29 September 2022 amending the Energy Law Act and the Act on Renewable Energy Sources<sup>16)</sup>. The Act entered into force on 6 December 2022. The principal change made by the Act is the repeal of Article 49a, that is, the abolition of the obligation to sell electricity on commodity exchanges or regulated markets (the so-called exchange obligation). Penalties for market manipulation have been made more severe,
  - 6) the Act of 27 October 2022 on Emergency Measures to Reduce Electricity Prices and Support Certain Customers in 2023<sup>17)</sup>,
  - 7) the Act of 15 December 2022 on the Special Protection of Certain Customers of Gaseous Fuels in 2023 due to the Situation on the Gas Market<sup>18)</sup> – entered into force on 21 December 2022 and amended, among others, Article 7 by introducing a number of detailed provisions regulating the procedure for connection to the network (e.g. imposing an obligation on network companies to estimate the connection fee). Regulations regarding the certification of storage system operators have been added and included in a separate editorial unit, extending the remit of the President of URE to include the certification and, subsequently, the designation of a certified undertaking as a storage system operator. The catalogue of sanctions applied by the regulator has been expanded to include penalties with respect to the introduced regulations, e.g. for non-compliance with the new connection obligations. This Act also amends the RES Act.

Among the other major changes is the Act of 9 June 2022, which amended the Electromobility Act, introducing a new competence of the President of URE, that is, stating, by way of a decision, the exclusion of the prohibition to perform the function of an operator of a generally available charging station against the operator of a closed distribution system. Another amendment to the Electromobility Act was effected by the Act of 15 December 2022. It introduced, among others, a definition of low-emission, electrolytic and renewable hydrogen, thus fulfilling the requirement to place a new alternative fuel in Polish legislation.

Also worth noting is another extensive amendment to the Energy Law Act, regulating a number of key new issues, including direct lines, back-up supply, electricity supply services and citizens' energy communities. At the same time, work has also begun on an amendment to the Energy Law Act, introducing provisions to establish a regulatory framework for the operation of the hydrogen market in Poland. These processes are still ongoing.

In summary, the systematic expansion of the regulator's competences and tasks and the rapidly changing market situation have translated into a significant increase in the number of cases processed at the Energy Regulatory Office. This is illustrated by the nearly 40% higher number of administrative decisions issued in 2022 compared to the previous year. At the same time, it should be noted that obtaining funds for the implementation of these tasks is becoming increasingly difficult.

---

<sup>15)</sup> Journal of Laws of 2023, item 269, as amended, hereinafter referred to as “the Act of 7 October 2022”.

<sup>16)</sup> Journal of Laws of 2022, item 2370, as amended.

<sup>17)</sup> Journal of Laws of 2022, item 2243, as amended, hereinafter referred to as “the Act of 27 October 2022”.

<sup>18)</sup> Journal of Laws of 2022, item 2687, as amended, hereinafter referred to as “the Act of 15 December 2022”.

## Implementing the “Clean Energy for All Europeans” package (CEP)

On 4 July 2019, Regulation 2019/943, which replaced Regulation 714/2009, entered into force<sup>19)</sup>. However, this does not affect the validity of the network codes and guidelines adopted so far, and work on their implementation continues, both on the TSO and NEMO side and on the side of the regulators and ACER. It should be noted that Regulation 2019/943 has imposed a number of new regulatory obligations on regulators and ACER. Article 16(8) of Regulation 2019/943 imposed an obligation on the TSO to make cross-zonal capacity available to market participants at a level of not less than 70% of the capacity at a given border or critical network element, determined respecting operational security limits of the system.

As the aforementioned conditions could not be fulfilled by the Polish TSO at the moment of entry into force of the aforementioned regulation, an action plan was developed by the competent ministry, in cooperation with the President of URE and the Polish TSO, pursuant to Article 15 of the aforementioned Regulation, adopted on 17 December 2019, which defines the level of minimum cross-zonal trading capacities to be made available to market participants by the Polish TSO from the beginning of 2020 until the end of 2025. This plan shall also include a timetable for the adoption of measures to achieve the target level of minimum capacity of 70% of the transmission capacity in accordance with Article 16(8) of Regulation 2019/943.

Regulation 2019/943, in Article 16(9), provides for the possibility of granting a derogation from the obligation to make cross-zonal capacity available in accordance with paragraph 8 of that Article where this is necessary to maintain operational security.

In 2022, the decision of the President of URE of 29 November 2021 was in force granting PSE S.A. such a derogation<sup>20)</sup>, while on 9 December 2022 the decision of the President of URE was issued for the year 2023<sup>21)</sup>. In 2022 President of URE, pursuant to Article 15(4) of Regulation 2019/943, approved the contribution to the TSO's report for 2020 and 2021 on the allocation of capacity according to the linear trajectory defined in the action plan<sup>22)</sup>. The Regulator was also involved in cases processed by ACER under Regulation 2019/943, among others on the methodology and assumptions that are to be adopted in the bidding zone review process and the alternative bidding zone configurations considered.

## 3. ELECTRICITY MARKET

### 3.1. Network regulation and technical functioning

#### 3.1.1. Unbundling

In the light of the current regulations of the Energy Law Act, operators for electricity and gas system (hereinafter referred to as "system operators") are designated by decision of the President of URE:

- at the request of the owner of the network or installation referred to in Article 9h para. 1 of the Act,
- ex officio in cases specified in Article 9h para. 9 of the Act.

---

<sup>19)</sup> Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 (EU OJ L 211/15 as amended).

<sup>20)</sup> <https://www.ure.gov.pl/pl/energia-elektryczna/europejskiree/decyzje>

<sup>21)</sup> ibidem

<sup>22)</sup> ibidem

The Energy Law Act specifies the conditions of operation and tasks of system operators. The electricity distribution system operators (DSOs) operating in a vertically integrated undertaking serving more than 100,000 customers connected to their network are obliged to become legally and organizationally unbundled and independent in terms of their decisions (Article 9d of the Energy Law Act).

There is one electricity transmission system operator in Poland – PSE S.A. On 4 June 2014 a certificate of complying with independence criteria determined in Article 9d para. 1a of the Energy Law Act for the period until 31 December 2030 was granted to PSE S.A. Compliance with independence criteria and conditions of conducting licensed activity and exercising the TSO function is monitored and periodically examined. In 2022 no irregularities in the functioning of the TSO were revealed.

In 2022, as in previous years, there were five large DSOs on the electricity market, whose networks are directly connected to the transmission network (so-called DSOp). They are legally obliged to separate the distribution activities carried out by the system operator from other activities not related to electricity distribution (unbundling).

In addition, at the end of 2022, there were 184 companies designated as DSOs operating within vertically integrated undertakings (so-called DSO<sub>n</sub>), not subject to unbundling.

## Compliance Programmes

Operator independence, which ensures equal access to the network for all market participants, is crucial for the performance of DSO functions. Operators are required to develop programmes which set out the measures taken to ensure non-discriminatory treatment of system users (Compliance Programmes). Compliance Programmes of five operators connected directly to the transmission network are approved by the President of URE that monitors proper implementation of provisions of these programmes. Operators are required to send, each year by 31 March, reports containing a description of actions taken in the previous year to implement the Compliance Programmes. Based on an analysis of the content of reports, letters received by the office, changing regulations and factual changes within the energy market, the President of URE developed and published in 2019 new *Guidelines for the content of Compliance Programmes developed by distribution system operators and storage system operator*.

In 2022, four DSOs pursued the Compliance Programmes adjusted to the content of these Guidelines. The proceedings on the approval of the amended Compliance Programme of the fifth DSO were not concluded, due to doubts concerning the correctness of the adjustment of the draft to the Guidelines.

As a result of the introduced changes, the thematic scope of the Compliance Programmes was extended by, for instance, network infrastructure management and development, communication within the group and in relations with the external environment, marketing activities, centralization or outsourcing of services and procurement. Some of the new provisions, with regard to the adaptation of the system in place to support the customer service and distribution service settlement processes for comprehensive contracts as well as electricity sales contracts, were extended until the Central Energy Market Information System (CSIRE) becomes operational.

Distribution system operators fulfilled their obligation to publish Compliance Programmes on their websites.

The Compliance Programme reports for 2022 were submitted by the statutory deadline of the end of March 2022 and were published on the URE's website. A reading of these reports indicates the growing importance of issues aimed at non-discriminatory treatment of system users among board members and among employees of the operator.

During the reporting year, the Compliance Officers provided opinions on draft documents, including agreements concluded by the operators with external parties and group cooperation agreements prior to their approval and application, and periodically reviewed the internal regulations and document templates in force for fulfilment of the requirements set out in the Compliance Programme. In order

to ensure the protection of sensitive information, an ongoing analysis of the data provided in connection with corporate governance was also performed.

Also of paramount importance in the area of preventing violations of the principles of equal treatment of network users is the interpretation of the provisions of the Compliance Programme by the Compliance Officers at the request of the management board or employees of the operator. The officers provided information and explanations in response to questions on how to act in specific cases.

In 2022, training sessions for newly hired employees were conducted in all operator companies, within a maximum of 30 days from the date of employment. Trained employees made declarations that they were familiar with the provisions of the Compliance Programme and committed to applying them. Training on the Compliance Programmes was also provided to all or selected employees of certain service providers whose scope of tasks poses a risk of violating the principle of equal treatment of system users (e.g. measurement services or customer service). Service providers in key compliance areas have, in some cases, undertaken to apply the DSO's existing Compliance Programme.

In the 2022 Compliance Programme implementation reports, the compliance officers identified one breach of the Compliance Programme provisions and nine cases of conflict of interest. As a result, employment relationships with six individuals were terminated and appropriate measures were taken to eliminate the risk of future violations. In another case, a Compliance Officer described an incident that could bear the hallmarks of a breach of the Compliance Programme. However, after a detailed examination of the case, it was established that the incident was not caused intentionally, but was due to a system malfunction – the irregularity was rectified. An intervention of the Officer in two cases related to the sending of information by e-mail was also noted, as a result of which the irregularities were immediately remedied. In another case, the Officer recorded three notifications requiring clarification for breach of the Compliance Programme. After a detailed analysis of all cases, no breach was detected.

In 2022, no complaints were filed with the URE regarding the implementation or violation of the rules of the Compliance Programmes. However, a letter was received from a representative of the joint representation of trade unions operating in PGE Dystrybucja S.A. and PGE Obrót S.A. – regarding the project "optimization of the mass customer service quality" implemented in the PGE group. In its response, the President of URE indicated that a detailed position on, among others, the functioning of customer service by distribution system operators was included in the Guidelines of the President of URE, published on the Office's website.

Ultimately, therefore, an assessment can be made that in 2022 there were no cases of discrimination against system users, no violations or threats to the implementation of the provisions of the Compliance Programmes were identified, either.

### **3.1.2. Network extension and optimization**

#### **Monitoring investment plans of transmission system operators**

The power company Polskie Sieci Elektroenergetyczne S.A. performing business activity in the field of electricity transmission – being the only electricity transmission system operator (TSO) operating on the territory of Poland, designated by the President of URE – performs investment tasks in accordance with the development plan agreed with the President of URE with respect to meeting the current and future demand for electricity. The draft development plan of this operator – under the provision arising from Article 16 para. 13 of the Energy Law Act – is subject to reconciliation with the President of URE. When reconciling the TSO development plan, the President of URE verifies first of all the compliance of its content with the Energy Law Act and its implementing regulations and with the assumptions of the state's energy policy, cooperating with the locally competent voivodship boards, and additionally

agrees on investment outlays in such an amount that the costs resulting from them may constitute the basis for tariff calculation, in compliance with the requirement referred to in Article 16 para. 10 of the Energy Law Act (according to which the plan should ensure long-term maximization of the efficiency of outlays and costs incurred by energy companies so that outlays and costs do not cause an excessive increase in electricity prices and fee rates in particular years, while ensuring continuity, reliability and quality of supplies).

In 2022, the development plan reconciled by the President of URE in 2020 for meeting current and future electricity demand for 2021–2030 was in force, under which investment expenditures to be executed by the TSO in the years 2021–2030 were agreed at PLN 14,158.3 million (data at fixed prices of 2019).

In the reporting year, the President of URE reconciled the draft Development Plan submitted by the TSO with respect to meeting the current and future demand for electricity for the years 2023–2032. This plan assumed that the TSO would incur investment expenditures of PLN 36,619.4 million (in fixed prices of 2022) in the referred period of 2023–2032.

As part of the implemented tasks regarding the monitoring of investment plans, analyses of the performance of the volumes planned for a given year are conducted annually, the results of which are used in the process of agreeing subsequent editions of development plans or their updates. As it follows from the report on the implementation of the development plan for 2022 (which enterprises are obliged to submit, pursuant to Article 16 para. 18 of the Act), the TSO notified about the execution of planned investment outlays of PLN 1,269.5 million (that is 63.36%, with the plan assumed for that year of PLN 2,003.6 million).

### **Assessment of consistency of TSOs' investment plans with the EU-wide network development plan**

When agreeing on the TSO's development plan, the President of URE shall also verify its consistency with the ten-year EU-wide network development plan ("TYNDP"), developed by ENTSO-E. The consistency of both plans shall be checked at each update of any of the above-mentioned documents.

The investment projects implemented in 2022 to develop interconnections and increase technical transmission capacities in interconnection, included in the ten-year EU development plan TYNDP 2018, which the TSO incorporated into the previous edition of the development plan for 2021–2030 (including 2022) reconciled with the President of URE, are specified below:

- Construction of 400 kV Ostrołęka-Stanisławów line and development of 400 kV Stanisławów substation and 400/220/110 kV Ostrołęka substation with the introduction to 400(220)/110 kV Wyszaków substation (TYNDP 123.373),
- Construction of 400 kV Mikułowa-Świebodzice line and development of 400/220/110 kV Świebodzice substation and 400/220/110 kV Mikułowa substation (TYNDP 230.355),
- Construction of 400 kV Baczyna-Krajnik line (TYNDP 230.353),
- Construction of 400/110 kV Baczyna substation with the introduction of 400 kV Krajnik-Plewiska line (TYNDP 230.1035),
- Construction of 400 kV Baczyna-Plewiska line (TYNDP 230.1232),
- Construction of 400 kV Dunowo-Żydowo Kierzkowo-Piła Krzewina line (TYNDP 170.1661, 170.1662),
- Modernization of 400 kV Krajnik-Morzyczyn line (TYNDP 170.1663),
- Modernization of 400 kV Morzyczyn-Dunowo line (TYNDP 170.1664),
- Modernization of 400 kV Dunowo-Słupsk line (TYNDP 170.1664),
- Modernization of 400 kV Słupsk-Żarnowiec line (TYNDP 170.1664),
- Modernization of 400 kV Żarnowiec-Gdańsk I/Gdańsk Przyjaźń line (TYNDP 170.1665),
- Modernization of 400 kV Gdańsk Błonia-Gdańsk I/Gdańsk Przyjaźń line (TYNDP 170.1665),
- Construction of a HVDC cable interconnection Poland-Lithuania (TYNDP 170.1034).



On the basis of the assessment of the consistency of the previous versions of the TSO's investment plans with respect to compliance with the EU-wide network development plan, it can be concluded that there may be slight planning inconsistencies, resulting from, among others, the following factors: various deadlines for updating the documents covered by the TYNDP and the TSO development plan (subsequent updates will usually indicate the most recent data on the current status of the project or its completion date), a distant date of investment start-up (in the national plan, projects with a distant project start-up date are usually included in the group "investment preparation", where general information, usually only descriptive, is provided), which cannot be eliminated in advance. The identified inconsistencies are explained with the TSO, if such a need arises.

## Smart electricity grids

Systemic solutions for smart metering were introduced in 2021 by amendment to the Energy Law Act. An obligation was imposed on DSOs to install by 31 December 2028 remote reading meters connected to a remote reading system at energy consumption points constituting at least 80% of the total number of energy consumption points of final customers, including those representing at least 80% of the total number of energy consumption points of final customers in households, with metering and billing systems without current or voltage transformers, connected to a network with a rated voltage of no more than 1 kV.

The modernization processes carried out by the DSOs, in accordance with the development plans reconciled with the President of URE, led to noticeable effects in the decrease of SAIDI and SAIFI indices in 2016–2021 for distribution companies. A significant contribution to this goal was made by the quality regulation implemented in 2015, which assumed a significant decrease in these indices over a period of several years.

The value of energy not supplied increased in 2022 compared to the previous year. The SAIDI ratio (for unscheduled interruptions including disaster and planned interruptions) for the five largest DSOs was 353.21 min/customer in 2022 and increased by 132.50 min/customer compared to the previous year.

The SAIFI (for unplanned interruptions including disaster and planned interruptions) for the five largest DSOs was 3.64 units/customer in 2022 and increased by 0.70 units/customer compared to the previous year.

In 2022, the values of the indicators were significantly affected by variable and adverse atmospheric phenomena occurring with increased frequency, which caused the occurrence of both disruptions in the operation of the distribution network, as well as extensive failures. The consequences of these phenomena also included significant damage to the electricity infrastructure, which for the most part is still the overhead grid.

The results obtained for the SAIDI, SAIFI and energy not-supplied indicators are also the result of cable line failures, which are largely caused by the activities of third parties, e.g. road collisions, mechanical damage to cables during construction work, trees falling on overhead lines during their cutting. Other causes of network failures were external factors (short-circuits caused by animals or approaching tree branches), faulty operation of equipment belonging to the company's customers, workmanship errors and insufficient quality of equipment provided by the equipment suppliers.

Due to the DSOs' implementation of only pilot projects, the regulator did not create tools exclusively dedicated to the evaluation of these investments (the total amount of outlays made in relation to the plan was evaluated, within a given group of energy assets). Nevertheless, such projects were monitored annually through individual DSO reports or on the occasion of the execution of an investment plan.

In the light of the above, in their reports on the implementation of the development plan for 2022, the five largest electricity distributors notified of:

- the predominant share of outlays (in total outlays) for investments related to network investments, that is, those serving directly to fulfil the statutory obligations of the DSO and to fulfil the obligations

under its licence to provide distribution services, including investments related to the connection of electricity customers and producers and the modernization and restoration of existing assets, related to the improvement of service quality and/or the increase in demand for capacity. These investments were aimed at both the construction of new elements of the power grid and the modernization of existing elements. At the same time, it should be noted that the modernization tasks were in most cases related to increasing the performance parameters of the grid, enhancing its functionality and applying solutions facilitating changes in the management of the power grid operation,

- a significant factor shaping the level of expenditure realized in 2022, which was the implementation of investment activities in the area of grid connection,
- at the same time, due to the growing dynamics of connection of dispersed energy sources (including the prosumers), DSOs and the development of e-mobility, companies have been making the necessary investments to adapt and rebuild their networks in order to accommodate the connection of these entities to the grid,
- continuation and at the same time intensification of activities related to the deployment in the network of devices performing switching functions and devices monitoring the state of electrical parameters of the network, in order to achieve the smart grid standard. In order to fully exploit the network automation functionalities and achieve optimum benefits resulting from the automation, actions related to the change of the current network topology were carried out in parallel, with the aim of adapting the network in the long run to the possibility of bilateral supply of MV/IV substations.

In practice, the greatest impact on the improvement and maintenance of a high level of operational reliability of the network was exerted by the investment activities aimed at the implementation of innovations and construction of SMART GRID networks in the following areas:

- automation of the MV network, involving the retrofitting of MV/IV substations with remote controlled switchgears deep inside the network, which enables faster network reconfiguration and significantly reduces failure recovery time,
- equipping 15/0.4 kV substations with short-circuit detectors with communication to SCADA (dispatching system) – detection and localization of short circuits.

### 3.1.3. Network tariffs

In 2022 the President of URE conducted proceedings regarding approval of electricity tariff for:

- 1) transmission system operator – for entities using the transmission service under a transmission contract,
- 2) distribution system operators, which on 1 July 2007 unbundled their operations – for customers connected to distribution networks at all voltage levels, that is for industrial, medium and small business customers and households,
- 3) electricity suppliers – in relation to the consumers of tariff groups G, connected to the network of a given distribution system operator, for which the supplier provides a comprehensive service, including for trading companies,
- 4) other energy companies, the so-called industrial energy companies, in the field of supply in electricity (group G) and in the field of distribution of electricity to customers connected to their networks.

In addition, the President of URE exceptionally conducted proceedings on the approval of tariffs for trading companies performing the tasks of default supplier with regard to customers in tariff group G, which were exempted from the obligation to submit tariffs for approval pursuant to Article 49 para. 1 of the Energy Law. The above was a result of the introduction of new legislation, including the Act of 7 October 2022.

The exceptional situation on the commodity markets in 2022, resulting in rising energy costs, made it necessary for the legislator to introduce a number of solutions to protect electricity consumers, mainly households. The Act of 7 October 2022 introduced, among others, a bill-freezing mechanism for certain consumption limits (2 MWh, 2.6 MWh and 3 MWh) for so-called eligible consumers. Thus, energy



prices and distribution fee rates up to the limits defined by the Act were frozen at the level resulting from the 2022 tariffs. In addition, the Act of 27 October 2022 introduced a guaranteed 'maximum' electricity price to be applied in 2023 for settlements by energy supplier with eligible consumers. The aim of this act was not only to increase the protection of household customers, but also to introduce protection for utilities, local governments and micro, small and medium-sized enterprises against significant increases in electricity bills.

The introduction of legal regulations ensuring consumer protection against drastic increases in prices and tariffs did not preclude the President of URE from conducting tariff proceedings and consequently approving tariffs for energy companies. Indeed, the tariffs for default suppliers and DSOs for the year 2023 were approved taking into account the provisions of the law in force, including the above-cited new acts introducing specific solutions to protect consumers.

Tariffs approved by the President of URE in 2022 for suppliers, in relation to consumers in tariff group G, calculated on the basis of justified costs, are not directly applicable to consumers in these groups in 2023. However, under the provisions of the aforementioned Acts, these tariffs are the basis for calculating the level and payment of compensation due to energy companies. Energy prices for household consumers up to certain consumption limits arising from the Act of 7 October 2022 have been frozen at the level of prices arising from the suppliers' tariffs of January 2022, approved by the President of URE.

The tariffs for DSOs and the resulting distribution fee rates for eligible consumers, including household consumers, have also been frozen up to the limits indicated in the Act of 7 October 2022. However, in the event of consumers exceeding the specified energy consumption limits, such consumers will be charged for the energy supplied at the distribution fee rates arising from the DSOs' tariffs for 2023, approved by the President of URE.

### **Tariff approval for the transmission system operator – PSE S.A.**

The procedure for the approval of PSE S.A.'s tariff for 2023 ended with the President of URE issuing a decision on 17 December 2022. The tariff of the TSO was approved for the period until 31 December 2023.

### **Approval of tariffs for distribution system operators that unbundled on 1 July 2007**

The tariffs for electricity distribution services for the five largest DSOs (namely PGE Dystrybucja S.A., TAURON Dystrybucja S.A., ENEA Operator Sp. z o.o., ENERGA-OPERATOR S.A. and Stoen Operator Sp. z o.o.) were approved by the President of URE on 17 December 2022 for the period until 31 December 2023.

However, the distribution fee rates arising from the tariffs approved for 2023 for the DSOs apply to eligible consumers, including household consumers, once they exceed the energy consumption limits indicated in the Act of 7 October 2022. For this category of consumers, the distribution fee rates arising from the DSOs' tariffs in force in 2022 will apply in settlements up to the consumption limits set out in the aforementioned Act.

### **Approval of tariffs for unbundled suppliers**

As a result of the administrative proceedings, on 17 December 2022, the President of URE approved the electricity tariffs for tariff group G consumers for five suppliers acting as default suppliers, that is, ENEA S.A., ENERGA-OBRÓT S.A., PGE Obrót S.A., TAURON Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o., for the period until 31 December 2023.

However, it needs to be emphasized that the electricity prices approved by the President of URE in 2022 for consumers in tariff group G, are not directly applicable to consumers in these groups

in 2023. These tariffs are the basis for calculating the level of compensation payments due to energy companies. Electricity prices for household consumers, up to the specified consumption limits arising from the Act of 7 October 2022, were frozen at the level of prices resulting from the suppliers' tariffs of January 2022, approved by the President of URE.

### **Approval of tariffs for so-called industrial energy companies**

In addition to tariffs for the TSO, DSOs and default suppliers, the President of URE also approves electricity tariffs for so-called industrial energy companies, namely companies that had no obligation to unbundle their electricity distribution and supply activities. These tariffs are approved with regard to the activity related to electricity distribution, with respect to consumers of all tariff groups at all voltage levels, while with regard to the activity related to electricity supply – only to the extent that these companies perform the tasks of a default supplier, that is, with respect to consumers qualified to tariff group G connected to the network of the given company, that is, for consumers consuming electricity for, among others, the needs of households, business premises related to the running of households, premises of a collective dwelling character, etc., detailed in the company's tariff. It should be noted that the rules for the classification of customers into tariff groups are uniform nationwide.

### **3.1.4. Security and reliability regulation**

#### **Rules of network security and reliability**

Pursuant to the Energy Law Act, energy enterprises engaged in the transmission and distribution of electricity to customers are obliged to:

- maintain the capacity of equipment, installations and networks to supply fuel or energy in a continuous and reliable manner, while meeting applicable quality requirements, and
- provide all entities, on the basis of equal treatment, with transmission services consisting in the transmission of fuel or energy from a supplier of gaseous fuels, electricity or heat selected by these entities, under the terms and to the extent specified in the Act.

The provision of transmission services shall not compromise the reliability of electricity supply and the quality of such electricity below the level specified in separate regulations and shall not result in an adverse change in prices and the scope of supply of fuel or energy to other entities connected to the network. The above issues regulating the standards of energy supply to customers arise from supplementary provisions to the Energy Law Act, contained in the Electricity System Ordinance, which in turn have been reflected in the transmission or distribution network codes of individual network operators. Pursuant to Article 9g of the Act, the transmission system operator and the distribution system operator are obliged to develop a transmission network code (TNC) or a distribution network code (DNC), respectively. Subsequently, the aforementioned codes are approved by the President of URE, and the methods, conditions, requirements and rules contained in the codes are binding for the network operators and the users connected to the network of these operators, and constitute a part of the contract for the provision of electricity transmission or distribution services.

The reliability of network operation (understood as the ability of the transmission or distribution network to deliver or receive capacity and electricity under specified conditions, place and time) is a derivative of power security, which is mainly determined by: the amount of capacity reserve in the power system and the competences and rights of system operators. System operators, each within their own area of operation, are responsible for power security on the electricity markets:

- on the system market – TSO,
- on local markets – DSOs.

Pursuant to Article 9g para. 4 of the Act, electricity network codes specify detailed conditions for the use of these networks by system users and the conditions and manner of operation, exploitation and development planning of these networks. They concern, among other things, the requirements regarding the security of operation of the power grid and the conditions that must be met for its maintenance, as well as the indicators characterizing the quality and reliability of electricity supply and the security of operation of the power grid. The quality parameters of electricity are specified in the transmission network code.

## Congestion management

### *Approval of rules for access to the cross-border infrastructure, including the rules for the allocation of capacity and congestion management*

The rules on capacity allocation and congestion management of interconnectors are governed by Regulation 2019/943 and Regulation 2015/1222 (on short-term allocation and congestion management) and Regulation 2016/1719 (on long-term allocation).

In 2022, transmission capacities were calculated and allocated separately for: the synchronous profile (covering interconnections with Germany, the Czech Republic and Slovakia), the DC interconnection with Sweden, the DC interconnection with Lithuania and the interconnection with Ukraine (Zamość-Dobrotwór radial interconnection). On each of these interconnections, a calculation methodology based on net transfer capacity (NTC) was used, taking into account the balancing conditions, whereas:

- for the synchronous profile, import and export capacities were calculated for annual auctions, monthly auctions, daily auctions and the intraday procedure. On the other hand, from 9 June 2022, the Flow Based Allocation (FBA) method which replaced the NTC method was introduced for the daily horizon,
- for connections with Sweden and Lithuania, export and import capacities were calculated for the daily auction and intraday procedure,
- for the Zamość-Dobrotwór radial connection, capacity was calculated for imports only for the purpose of monthly auctions.

In the long-term horizon for the synchronous profile, the cross-zonal capacity allocation took place in accordance with the allocation rules for the long-term horizon approved by ACER Decision No. 03/2017 of 2 October 2017, as amended.

On 18 June 2021 (first day of delivery), an interim model for the day-ahead market coupling in Central Europe was launched (DE-AT-PL-4M Market Coupling project, Interim MC). The implementation of the Interim MC made it possible to connect the electricity markets of Poland and the 4MMCs (Czech Republic, Slovakia, Hungary and Romania) to Europe's largest MRC market (Multi Regional Coupling), by introducing implicit capacity allocation based on the NTC method, at six borders (Poland-Germany, Poland-Czech Republic, Poland-Slovakia, Czech Republic-Germany, Czech Republic-Austria, Hungary-Germany). On 8 June 2022 (first day of delivery – 9 June 2022), the target mechanism for the allocation of day-ahead capacity in the Core Capacity Calculation Region was implemented, namely the Core Flow Based Market Coupling project, which involves the calculation and allocation of capacity on synchronous interconnections based on a flow-based approach, that is, a method of capacity calculation in which energy exchanges between bidding zones are limited by power transfer distribution factors and available margins on critical network elements.

The allocation of capacity in the intraday market on the Poland-Germany and Poland-Czech Republic synchronous interconnections is performed in continuous trading mode within the European intraday market (Single Intraday Coupling – "SIDC"). Until 29 November 2022, a transitional solution based on an explicit auction mechanism applied until 19 November 2019 on the entire synchronous profile was in place at the Polish-Slovak border. The process, implemented through the DAMAS system, was administered by the Czech TSO, ČEPS a.s., acting as the Allocation Office. This solution was used until the Polish-Slovak border was covered by the SIDC mechanism.

For the interconnections with Sweden and Lithuania, PSE S.A. determined NTC values for export and import for the purposes of daily auctions and under the intraday procedure. From the beginning of 2021, the cross-zonal capacity allocation on Poland-Sweden and Poland-Lithuania non-synchronous interconnections was carried out under the market coupling mechanism.

Transmission capacity on the Poland-Ukraine interconnection was allocated through explicit auctions organized on a monthly basis.

#### *Revenues from transmission capacity allocation on interconnections with the EU member states and their utilization in 2022*

The volume of revenues from the cross-zonal capacity allocation on the interconnections with the EU member states in the period from 1 January to 31 December 2022 amounted to PLN 1,924,170,800. Under Regulation 2019/943, regulators are required to publish a detailed report on the use of congestion revenues. The President of URE published such a report on 1 March 2023<sup>23)</sup>.

#### *Balancing services*

The rules for the operation of the electricity system balancing mechanism (the so-called balancing market – BM) have been defined by the electricity TSO in the transmission network code (TNC) and in the Balancing Conditions (BC), developed on the basis of Article 18 of Regulation 2017/2195. The above document has largely replaced the regulations previously contained in the TNC – System balancing and system congestion management.

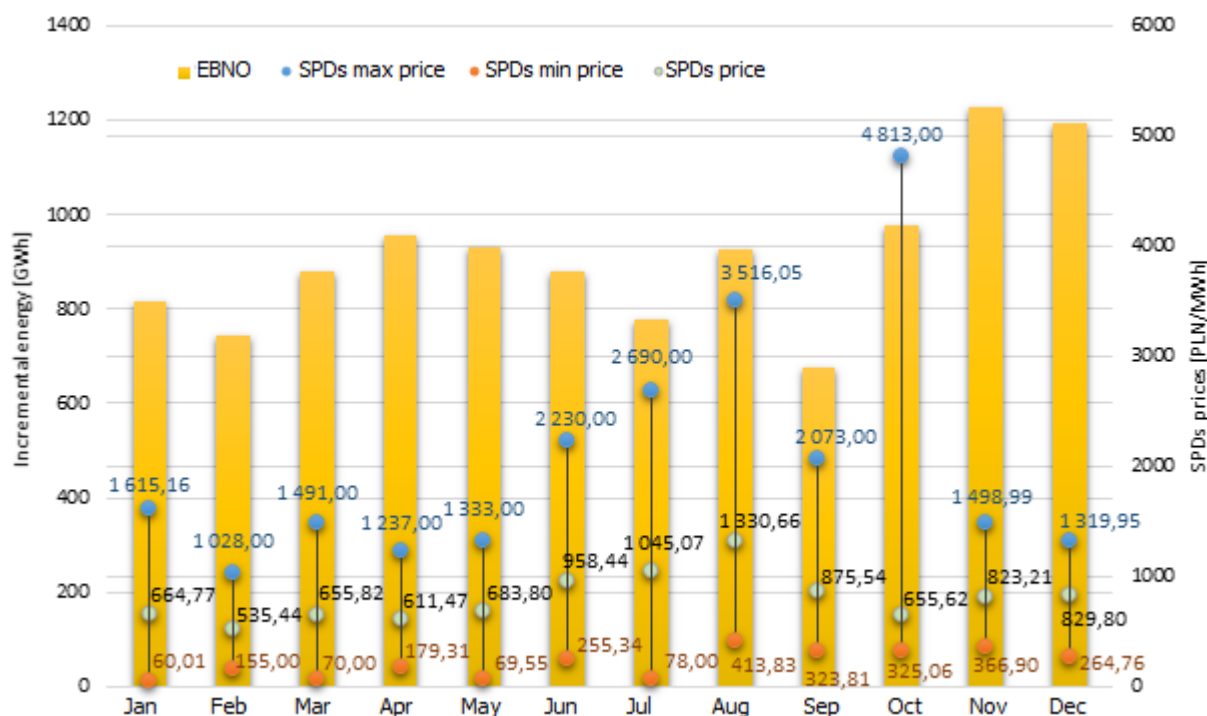
At the end of 2022, 138 entities participated in the balancing market processes, including 26 generators, 10 final customers, 11 network customers, 82 trading enterprises, 3 energy exchanges, 5 DSOs and PSE S.A. as TSO. Technical and commercial data were submitted by 52 market operators and concerned 350 schedule units.

The figure below presents information on the volume of unscheduled balancing energy (UBE) withdrawn from the balancing market (purchase from the BM) and the settlement prices of imbalance in this market in individual months of 2022.

---

<sup>23)</sup> <https://www.ure.gov.pl/pl/urzed/informacje-ogolne/komunikaty-prezesa-ure/10934,Informacja-nr-112023.html>

**Figure 1.** Unplanned energy withdrawn (EBNO) and prices of balancing energy on the balancing market (SPDs) in 2022



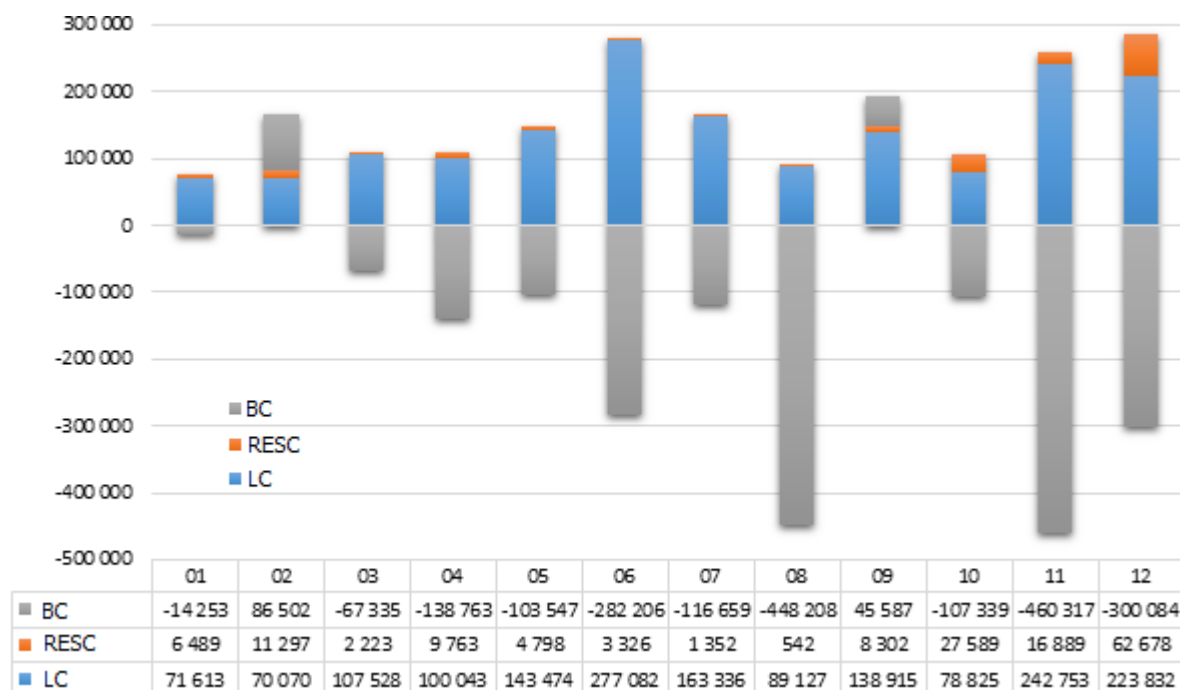
Source: URE, on the basis of data acquired from PSE S.A.

The maximum settlement price of deviation (SPD) in the balancing market varied between 1,028.00 PLN/MWh and 4,813.00 PLN/MWh and the minimum settlement price from 60.01 PLN/MWh to 413.83 PLN/MWh, whereas weighted average monthly prices of SPD oscillated between 535.44 PLN/MWh and 1,330.66 PLN/MWh. The situations described above depended on various conditions, with the key ones including atmospheric conditions, demand for capacity in the NES, capacity reserves in this system and atmospheric conditions.

In 2022, the costs of removing limitations amounted to PLN 1,706.598 million, costs resulting from the reallocation of Energy Sales Contracts (ESC) amounted to PLN 155.250 million, and the costs of balancing customer demand (BC) totalled PLN -1,906.621 million<sup>24)</sup>. The development of these costs in the individual months of 2022 is shown in the figure below.

<sup>24)</sup> "-" means revenues received on the BM, that is payments from Balancing Market Participants.

**Figure 2.** Costs of balancing customers' demand (BC), costs of removing limitations (LC) and costs arising from ESC reallocation (RESC) in 2022 [PLN thousand]



Source: URE on the basis of data of PSE S.A.

In particular months of 2022, the costs of balancing customers' demand (BC) varied from PLN -460,317 thousand<sup>25)</sup> to PLN 86,502 thousand, while the costs of removing limitations (LC) and costs arising from ESC reallocation varied from PLN 70,070 thousand to PLN 277,082 thousand and PLN 542 thousand to PLN 27,589 thousand, respectively.

In relation to the role of the DSOs in the system balancing, it should be underlined that their tasks include mainly management of metering data. To this extent, DSOs co-manage the Balancing Market. In addition, DSOs are obliged to undertake measures ordered by the TSO. These rules have been described by the TSO in the transmission network code (TNC) and in the balancing conditions (BC) – introduced pursuant to Regulation 2017/2195 – including mechanisms regulated so far in the TNC-Balancing.

In 2022, system balancing was affected by amendments to the TNC, BC and DNC.

The most important amendments to the TNC approved in 2022 by the President of URE, which are related to the Balancing Market, include the following:

- an amendment specifying the requirements for active power estimation, making it possible to determine the amount of electricity not generated at offshore wind farms due to operational orders issued by the TSO regarding the reduction of active power generated by offshore wind farms,
- modifications related to the implementation in the Core CCR of the FBA method for the Single Day-Ahead Coupling,
- amendment relating to the Slovakia joining to the Single Intraday Coupling and launching of cross-zonal exchange on PL-SK interconnection according to the allocation principles of the Single Intraday Coupling.

In 2022, the following amendments were made to the BC:

- a new type of Physical Delivery Point of the Balancing Market Energy was added for the TSO to obtain information on the volume of electricity supplied by prosumers,

<sup>25)</sup> "-" means revenues received on the BM, that is payments from Balancing Market Participants.

- implementation of changes resulting from the RES Act introduced by the Act of 29 October 2021 amending the Act on Renewable Energy Sources and Certain Other Acts<sup>26)</sup>,
- modifications related to the implementation of the FBA method for the Single Day-Ahead Market coupling in the Core CCR were introduced,
- modifications related to the implementation of the third revision of the Core CCR market design developed in accordance with Article 31 of Regulation 2016/1719 were introduced,
- the possibility of extending the area of the Balancing Market to include the Delivery Point at the Balancing Market Energy (MB), in which electricity off-taken at medium or low voltage for the TSO's needs related to the economic activity of electricity transmission is represented, was introduced,
- modifications related to the Slovakia joining to the Single Intraday Coupling and the launching of cross-zonal exchange on the PL-SK commercial profile according to the allocation rules of the Single Intraday Coupling were introduced.

The most important amendments to the DNCs approved in 2022 by the President of URE, which are related to the Balancing Market, include those resulting from the need to adapt the DNCs to amendments to the following acts:

- Act of 11 January 2018 on Electromobility and Alternative Fuels<sup>27)</sup>,
- Act of 31 July 2019 amending Certain Acts to Reduce Regulatory Burdens<sup>28)</sup>,
- Capacity Market Act,
- Electricity System Regulation introduced by the Ordinance of the Minister of Climate and Environment of 11 November 2020 amending the Ordinance on Detailed Conditions for the Operation of the Electricity System<sup>29)</sup>,
- Balancing Conditions.

In addition, the DSOs, with the exception of PGE Dystrybucja S.A., updated the standard consumption profiles used in the commercial balancing of electricity delivery points for customers with a contracted capacity of 40 kW or less.

In addition, as part of the implementation of balancing energy exchange platforms, PSE S.A., in accordance with the provisions of Regulation 2017/2195, has been operationally active since 2020 in the European platform for the imbalance netting process under the IGCC project. The IGCC platform enables imbalance netting between TSOs in the continental European area. Participation in this mechanism allows a reduction in the activation of balancing energy by individual TSOs, including PSE S.A., when their systems are imbalanced in different directions.

Furthermore, PSE S.A. participates in the implementation of the three European balancing energy exchange platforms provided for by Regulation 2017/2195 – TERRE (for replacement reserves), MARI (for manual frequency restoration reserves), PICASSO (for automatic frequency restoration reserves).

### 3.1.5. Monitoring the balance of supply and demand

#### Monitoring investment plans of energy companies in new generation capacity

Performing the tasks arising from the Energy Law Act with respect to monitoring the security of electricity supply, in 2022 the President of URE examined investment plans for 2022–2036 of electricity generators fulfilling the obligation to prepare 15-year forecasts, pursuant to Article 16 para. 20 and 21 of the Energy Law Act. According to these provisions, an energy company generating electricity from

<sup>26)</sup> Journal of Laws of 2021 item 2376, as amended.

<sup>27)</sup> Journal of Laws of 2021 item 110, as amended.

<sup>28)</sup> Journal of Laws of 2019 item 1495, as amended.

<sup>29)</sup> Journal of Laws of 2020 item 2026.



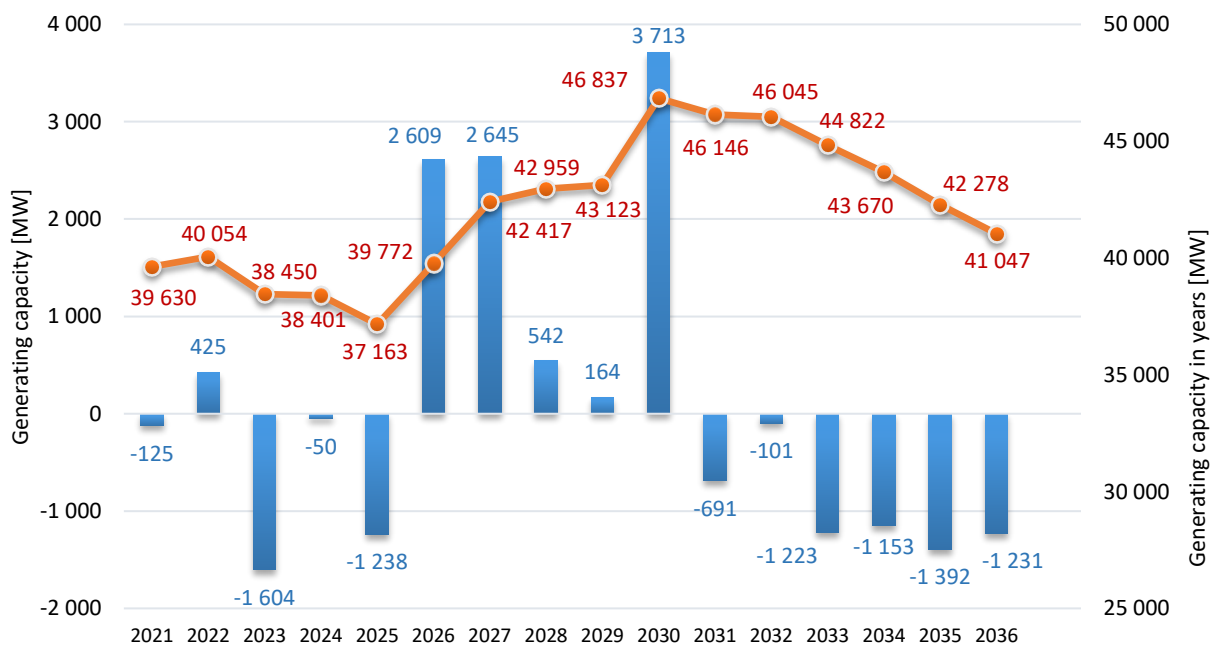
sources with a total installed capacity of not less than 50 MW prepares and submits to the President of URE forecasts for a period of 15 years, covering in particular: the amount of electricity generated, projects for modernization, expansion of existing sources or construction of new ones, as well as technical and economic data concerning the type and size of these sources, their location and the type of fuel used to generate electricity.

Questionnaires developed by URE, which were completed and sent by 69 energy companies and 11 groups, were used to perform the survey. The surveyed energy companies plan to commission a total of more than 22 GW of new generation capacity by 2036. The largest investments are planned in generation units based on: natural gas (9.8 GW), offshore wind farms (5.2 GW) and PV (5.7 GW). The availability of some of the new capacity will therefore depend on weather conditions and at the same time will be significantly lower than the availability of conventional coal-based units being phased out of the system.

At the same time, the generators surveyed plan to decommission units of around 20 GW over the same period. Mainly coal and lignite generating units will be phased out of the system. The main reasons cited for the phase-out of coal technologies were lack of economic efficiency and technological wear and tear. Entrepreneurs also declared the phasing out of a small amount of capacity from onshore wind farms, biomass and gas.

To summarize the changes in the fuel technology mix: between 2022 and 2036, the share of coal-fired generation units will decrease the most (from approximately 21 GW to approx. 11 GW), while gas-fired units will see the largest increase (from approx. 3.3 GW to approximately 13 GW).

**Figure 3.** Generators' investment plans for 2022–2036: balance of generation capacity



Source: URE, on the basis of survey data.

In order to reliably assess the actual balance of generating capacity resulting from the measures taken by the surveyed generators, it is necessary to apply the so-called corrective availability coefficients (CAC), which indicate the availability of sources depending on the fuel technology used.

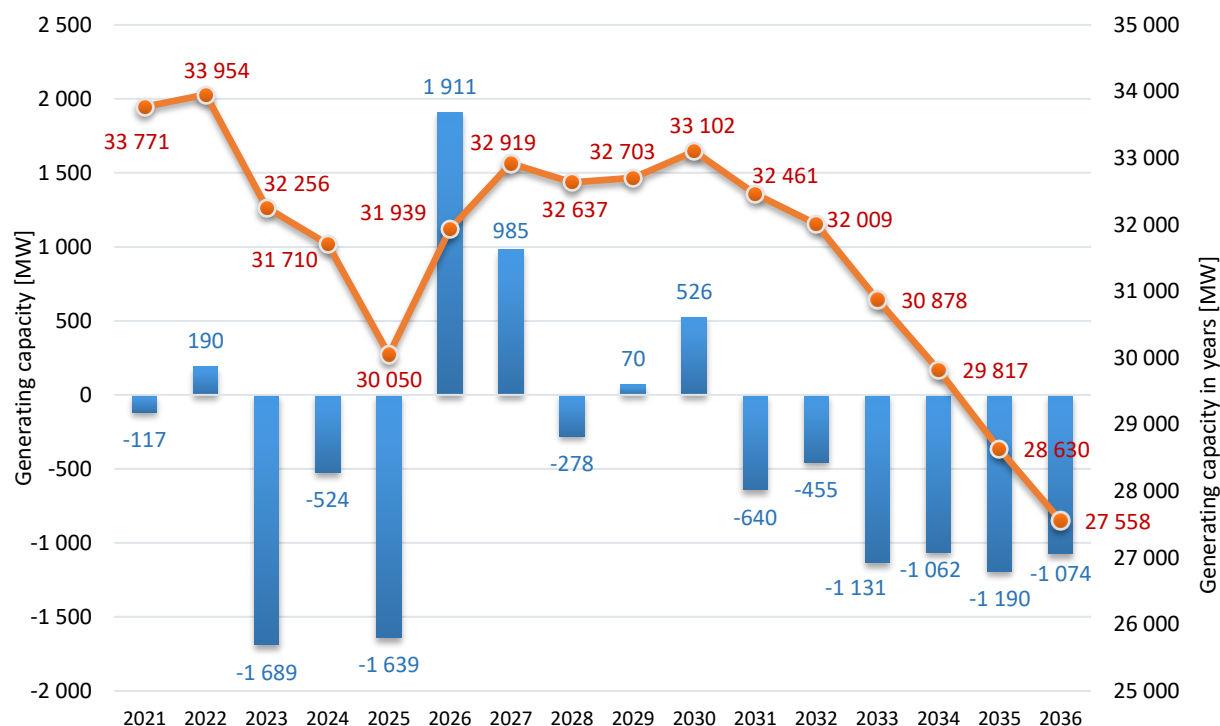
In the analysis under discussion, these coefficients for wind and solar sources were further adjusted to the level of actual availability for the transmission system operator in 2021.

If these coefficients are applied, approximately 12.6 GW of the nominally planned additional 22 GW of capacity becomes available. The phasing out of stable generating units (with a high CAC factor) will



therefore result in a significant decrease in the generating capacity available to the transmission system operator responsible for balancing and security of operation of the NES.

**Figure 4.** Generators' investment plans for 2022–2036: balance of generation capacity with the use of CAC



Source: URE, on the basis of survey data.

### Activities related to the capacity market

In 2022, the capacity market in Poland operated according to unchanged rules. The legal provisions underpinning it, both European (Regulation 2019/943) and national (the Capacity Market Act), remained unchanged.

The number of potential foreign capacity providers has increased significantly over the past year. Under the current regulations, foreign capacity providers located in the synchronous profile zone, in the transmission systems of the Republic of Lithuania and the Kingdom of Sweden may participate in the Polish capacity market<sup>30)</sup>.

In fulfilment of its obligations under the Capacity Market Act, in 2022 the President of URE:

- announced the final results of the main auction for the delivery year 2026<sup>31)</sup>,
- announced the final results of the additional auctions for each quarter of the delivery year 2023<sup>32)</sup>,

<sup>30)</sup> The condition for participation is the conclusion of agreements between the Polish transmission system operator and the operators from the aforementioned zones. In the case of a synchronous profile, these must be operators of all transmission systems directly connected to the NES. Due to the fact that, until the end of 2021, the aforementioned condition was not fulfilled, only providers connected to systems with direct current interconnections with the NES, namely from Sweden and Lithuania, could participate in the auctions on the Polish capacity market. In order to accelerate negotiations, the President of URE, together with the German regulator BNetzA, joined the process of arrangements between operators, which led to the conclusion of an agreement on 12 August 2022, which enabled capacity providers located in the synchronous profile zone to participate in the preliminary auction and, consequently, in the main auction for the year of supply 2027.

<sup>31)</sup> Information of the President of URE no. 2/2022.

<sup>32)</sup> Information of the President of URE no. 19/2022.

- submitted a request to the Minister of Climate and Environment regarding the volume of capacity demand in the main auction for the delivery year 2027 and in the additional auctions for the delivery year 2024,
  - gave its opinion to the Minister for Climate and Environment on the parameters of the main auction for the delivery year 2027 and on the parameters of the additional auction for the delivery year 2024,
  - indicated selected hours of the day corresponding to the hours of peak capacity demand in the system determined separately for the quarters of the delivery year 2023<sup>33)</sup>,
  - calculated the capacity fee rates for 2023<sup>34)</sup>,
  - calculated the unit rate of penalty for non-compliance with the capacity obligation applicable in 2023<sup>35)</sup>.
- In addition, under Article 79 para. 7 of the Capacity Market Act, the President of URE resolved a dispute between an electricity distribution company and a final customer regarding the refusal to connect metering points in accordance with Article 70b para. 2 of the Capacity Market Act.

In addition, the President of URE provided answers to a number of questions of the capacity market participants, which arose in connection with the Act in force, in particular with regard to the obligations to submit to general certification, certification for auction or the data for calculation and publication of the capacity fee rates and the determination of selected hours of the day falling on the peak capacity demand in the system for the supply year 2022, as well as the new model of capacity fee collection.

Pursuant to the requirements of the Capacity Market Act, the President of URE received information from the operator which, pursuant to Article 2 para. 1 item 27 of the Capacity Market Act, is PSE S.A., regarding:

- the course of general certification in 2022, certification for the auction for delivery year 2027, the course for additional auctions for delivery year 2023 and the course of the main auction for delivery year 2027,
- parameters for the main auction for delivery year 2027 and for additional auctions for delivery year 2024.

By decision of 29 December 2022<sup>36)</sup>, the President of URE approved amendments to the Capacity Market Rules. The update introduced an obligation for capacity providers to annually declare the date of commencement of commercial production by all capacity market units certified for a given delivery year and combined the process of declaring the date of commencement of commercial production with declarations regarding the emission limit. The modification was necessary for the correct application of the provisions of Article 8 of the Capacity Market Act.

## General certification in 2022

As part of the general certification, owners of physical generation units, both existing and planned, as well as units of demand side reduction planned, shall apply to the operator for their registration. This is a condition for entering the certification for the main or supplementary auctions in a given year and for setting up a capacity market unit, without which it is not possible to participate in the auctions.

Participation in the general certification is voluntary, with the exception of existing physical generation units with a gross capacity of at least 2 MW, whose owners are required to notify them each year, pursuant to Article 11 of the Capacity Market Act.

In 2022, 1,412 applications were submitted under general certification, that is by 12.6% more than in 2021. 1,379 units were registered in the capacity market register, that is by 12.6% more than in the preceding year. The net generating capacity of the physical units entered in the register amounts to 53.8 GW (an increase by 3.7% compared to the previous year)<sup>37)</sup>.

---

<sup>33)</sup> Information of the President of URE no. 40/2022.

<sup>34)</sup> Information of the President of URE no. 43/2022.

<sup>35)</sup> Information of the President of URE no. 63/2022.

<sup>36)</sup> <https://bip.ure.gov.pl/bip/rynek-mocy/3674,Regulamin-rynku-mocy.html>

<sup>37)</sup> Infografika\_PSE\_RynekMocy\_CO2022.pdf

## Certification for the main auction in 2021 for delivery year 2026 and certification for the main auction in 2022 for delivery year 2027

**Table 1.** Data on the issuance of certificates as part of the certification for the main auction in 2021 and 2022

Capacity Market Units	2021 [items]	2022 [items]
Existing generation unit – participation in the main auction and secondary market	29	25
Existing generation unit – participation in secondary market only	66	57
Upgraded generation unit	10	10
New generation unit	11	10
Unconfirmed demand side reduction unit	60	72
Confirmed demand side reduction unit	4	4
<b>TOTAL</b>	<b>180</b>	<b>178</b>

Source: URE.

**Table 2.** Capacity obligations in the main auction and secondary market for 2026 and 2027 offered as part of the certifications conducted in 2021 and 2022

Capacity Market Units	2021 [MW]	2022 [MW]
Existing generation unit	1 732	2 780
Existing unit – energy storage	805	277
Upgraded generation unit	487	213
Upgraded energy storage	171	121
New generation unit	2 340	1 429
New energy storage	206	369
Unconfirmed demand side reduction unit	1 981	1 896
Confirmed demand side reduction unit	34	4
<b>TOTAL</b>	<b>7 756</b>	<b>7 089</b>

Source: URE.

## Additional auctions for Q1, Q2, Q3 and Q4 of the 2023 delivery year (held on 17 March 2022)

**Table 3.** Additional auction data for all quarters of the 2023 delivery year

Quarter of the delivery year 2023	Number of successful bids in the additional auction	Total volume of capacity obligations arising from the capacity agreements concluded for a given delivery year [MW]	Clearing price [PLN/kW/year]
I	48	1 254	333.68
II	32	489	190.00
III	29	435	212.40
IV	50	1 227	364.00

Source: URE.

## Main auction for supply year 2027 (held on 15 December 2022)

**Table 4.** Main auction data for supply year 2027

	Number of successful bids in the main auction	Total volume of capacity obligations arising from the capacity agreements concluded for a given delivery year [MW]	Clearing price [PLN/kW/year]
Polish units	88	4 829	406.35
Total foreign units of which:	7	550	x
- synchronous profile zone	6	300	399.00
- transmission system of the Republic of Lithuania	1	250	298.00
<b>TOTAL</b>	<b>95</b>	<b>5 379</b>	<b>x</b>

Source: URE.

A total of 18,712 MW has been contracted for the delivery year 2027, including 5,379 MW in the main auction for the delivery year 2027 and 13,333 MW as a result of long-term contracts in the auctions for 2021–2026.

The total volume of capacity obligations resulting from the conclusion of capacity contracts for more than one delivery year in the main auction held for the delivery year 2027 is 1,468 MW.

**Table 5.** Summary of auction results for the years 2021–2027

	2021	2022	2023	2024	2025	2026	2027
Capacity supply [MW]	25 505	12 534	13 301	11 914	2 851	7 000	5 000
Capacity demand in the main auction [MW]*.	22 732	10 544	10 708	9 088	2 526	7 991	6 237
Capacity contracted in the main auction [MW].	22 427	10 580	9 779	8 671	2 367	7 189	5 379
Max price of the price maker [PLN/kW/year].	327.80	366.00	406.90	404.30	414.70	400.40	406.40
Max price of the price taker [PLN/kW/year]	193.00	198.00	203.00	183.00	179.00	186.00	187.00
Min price of the price taker [PLN/kW/year].	0.12	0.12	0.12	0.12	0.12	0.12	0.12
Clearing price of auction [PLN/kW/year]	240.32	198.00	202.99	259.87	172.85	400.39**	406.35***
Annual costs [PLN million]****	5 530	5 249	5 267	5 272	4 877	5 563	5 918
Annual costs according to DSO [million PLN]	3 979	3 819	3 529	3 789	3 909	3 959	3 839
Total contracted capacity [MW]****	22 916	23 701	23 213	21 255	20 620	17 969	18 712

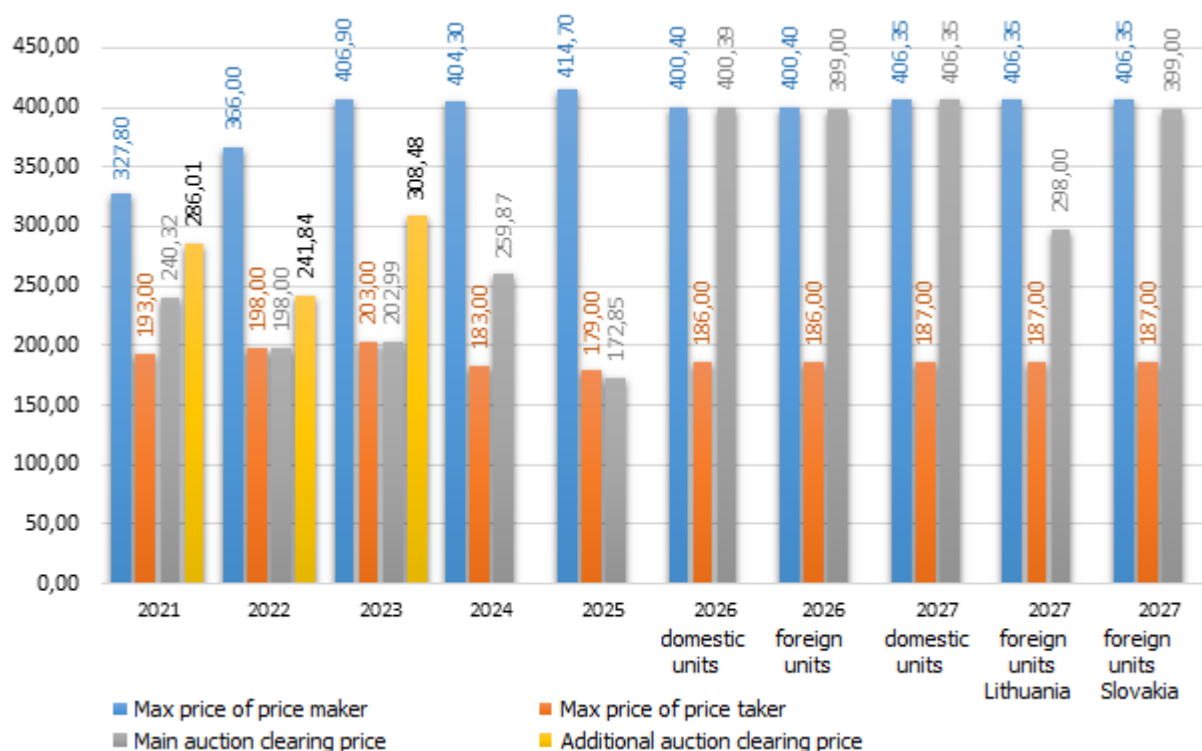
\* The demand for capacity is determined for each year by the ordinance of the minister responsible for energy on the parameters of the main auction.

\*\* Table includes price for domestic units, price for foreign units is 399 PLN/kW/year.

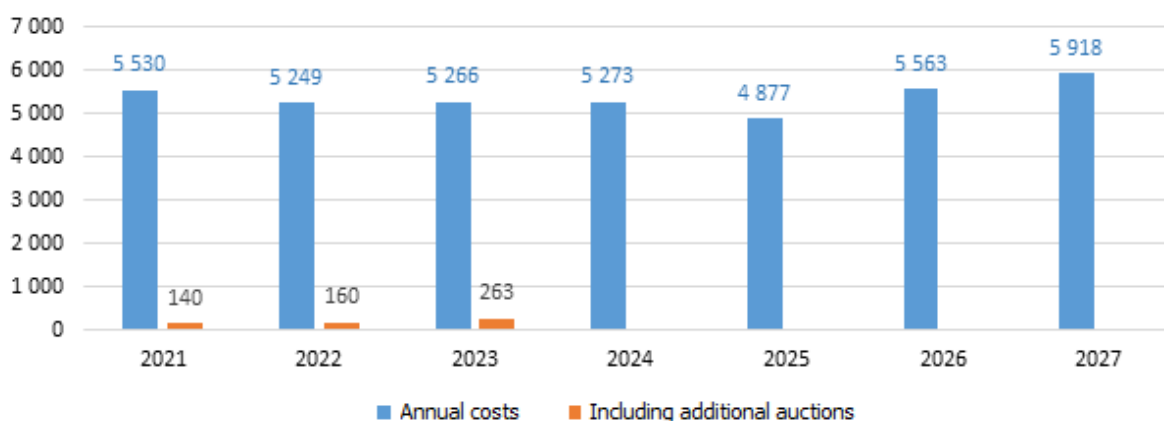
\*\*\* Table includes price for domestic units, price for foreign units is 399 PLN/kW/year for synchronous profile and 298 PLN/kW/year for interconnection with Lithuania.

\*\*\*\* Additional auctions and multi-year contracts are included.

Source: URE.

**Figure 5. Prices in auctions 2021–2027 [PLN/kW/year]**

Source: URE on the basis of information provided by PSE S.A. on the website: <https://www.pse.pl/aktualnosci-rynku-mocy>

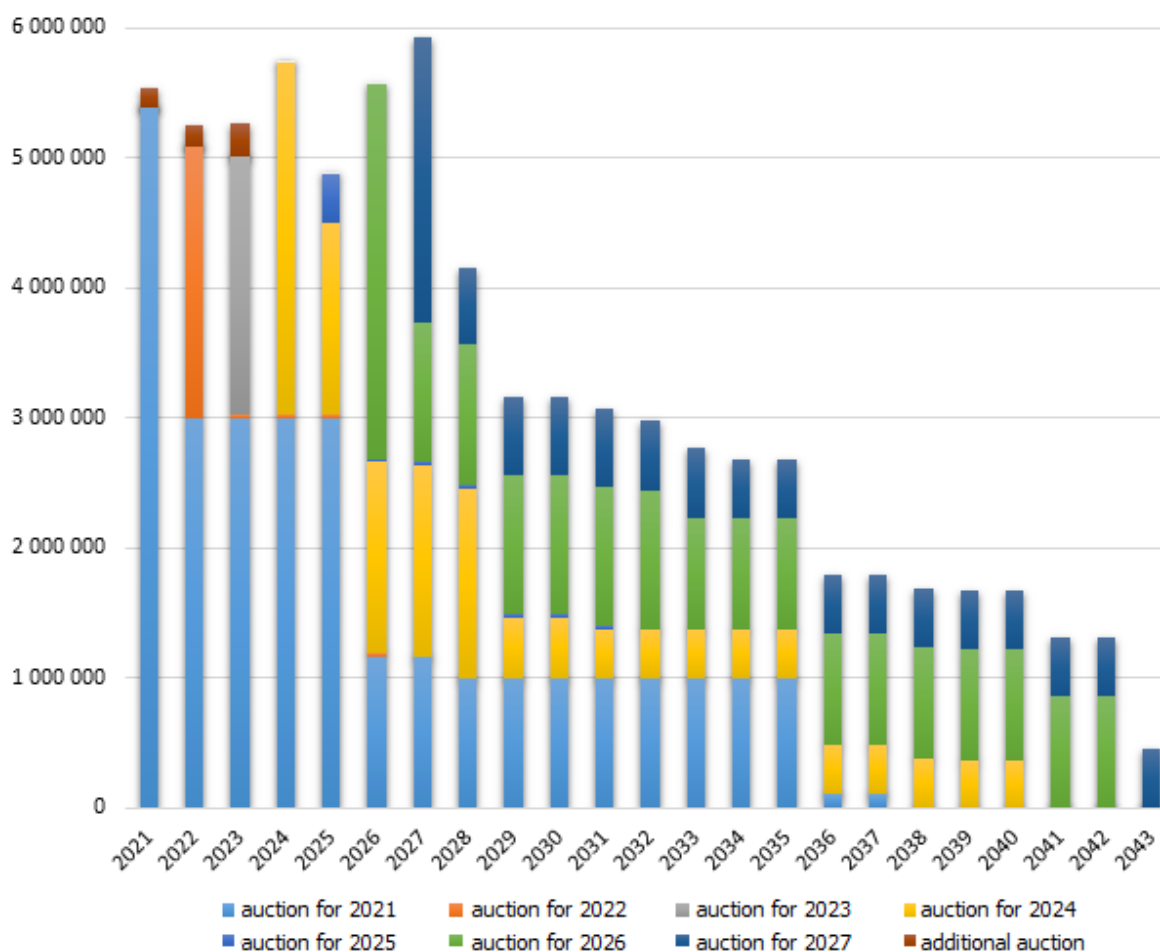
**Figure 6. Annual costs on the capacity market for 2021–2027 [PLN million]**

Source: URE on the basis of information provided by PSE S.A. on the website: <https://www.pse.pl/aktualnosci-rynku-mocy>

The costs of the capacity market in 2024–2027 will be increased by the costs of purchasing capacity obligations in additional auctions<sup>38)</sup>.

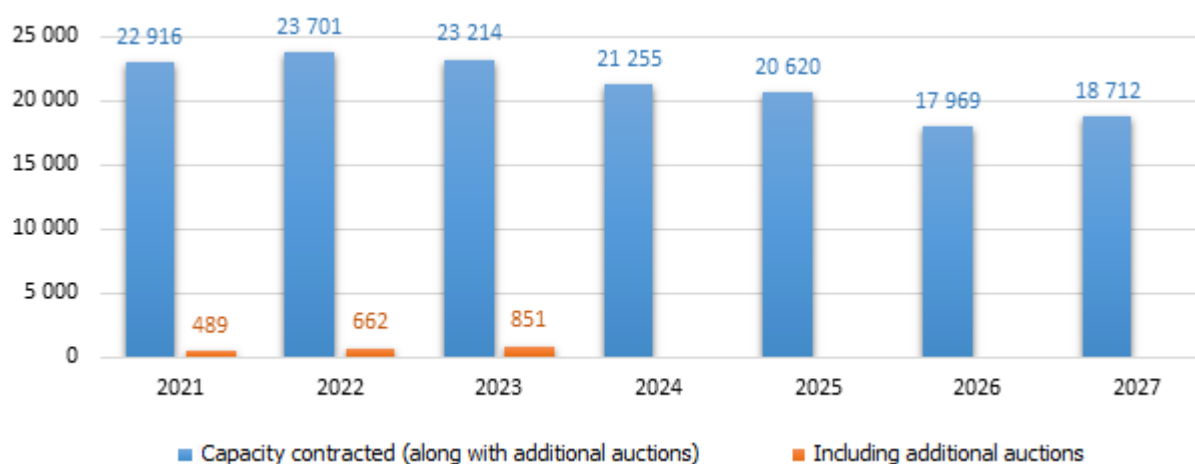
<sup>38)</sup> Pursuant to Article 29 para. 4 of the Capacity Market Act, additional auctions are carried out in the year preceding the year in which the delivery periods of each of these auctions fall, with additional auctions for all delivery periods taking place at the same time.

**Figure 7.** Annual costs of capacity contracts for 2021–2043 concluded as a result of capacity auctions that took place in the years 2018–2022 [PLN thousand]



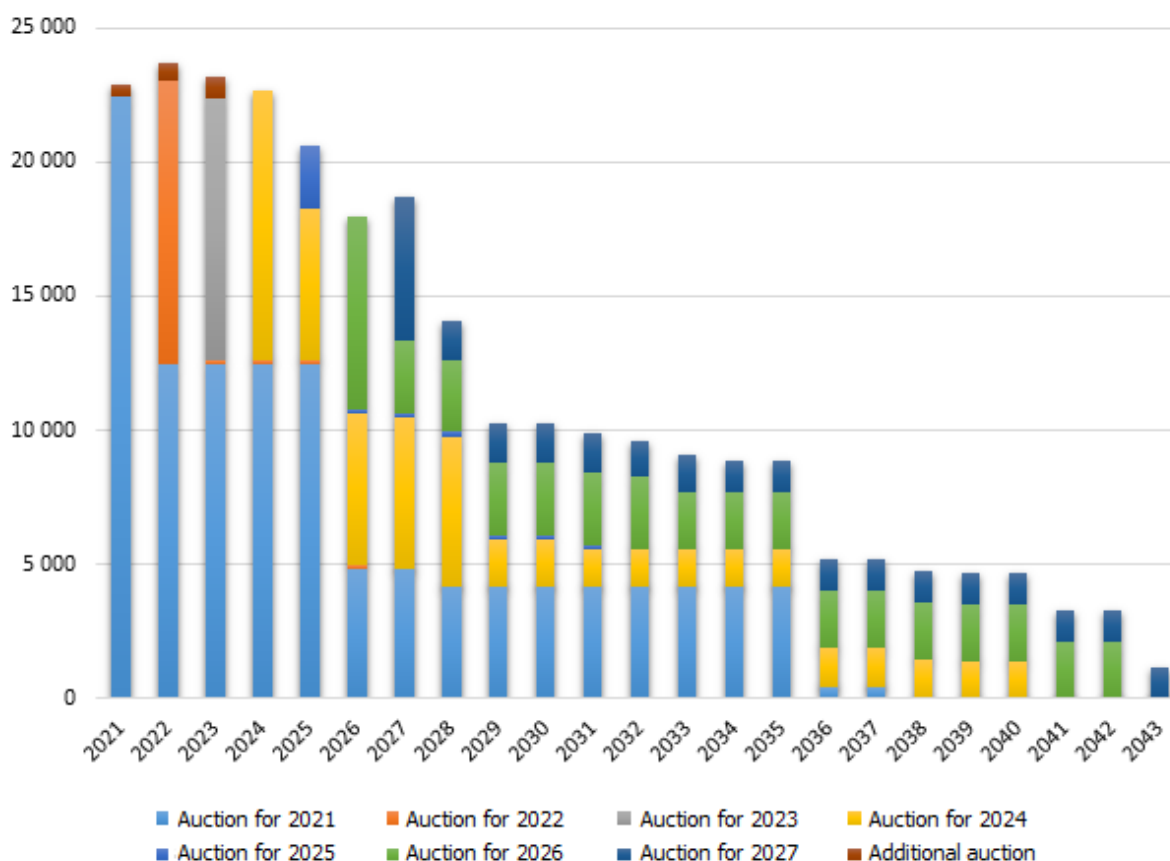
Source: URE on the basis of information provided by PSE S.A. on the website: <https://www.pse.pl/aktualnosci-rynku-mocy>

**Figure 8.** Contracted capacity for 2021–2027 [MW]



Source: URE on the basis of information provided by PSE S.A. on the website: <https://www.pse.pl/aktualnosci-rynku-mocy>

**Figure 9.** Contracted capacity for 2021–2043 as a result of capacity auctions that took place in the years 2018–2022 [MW]



Source: URE on the basis of information provided by PSE S.A. on the website: <https://www.pse.pl/aktualnosci-rynku-mocy>

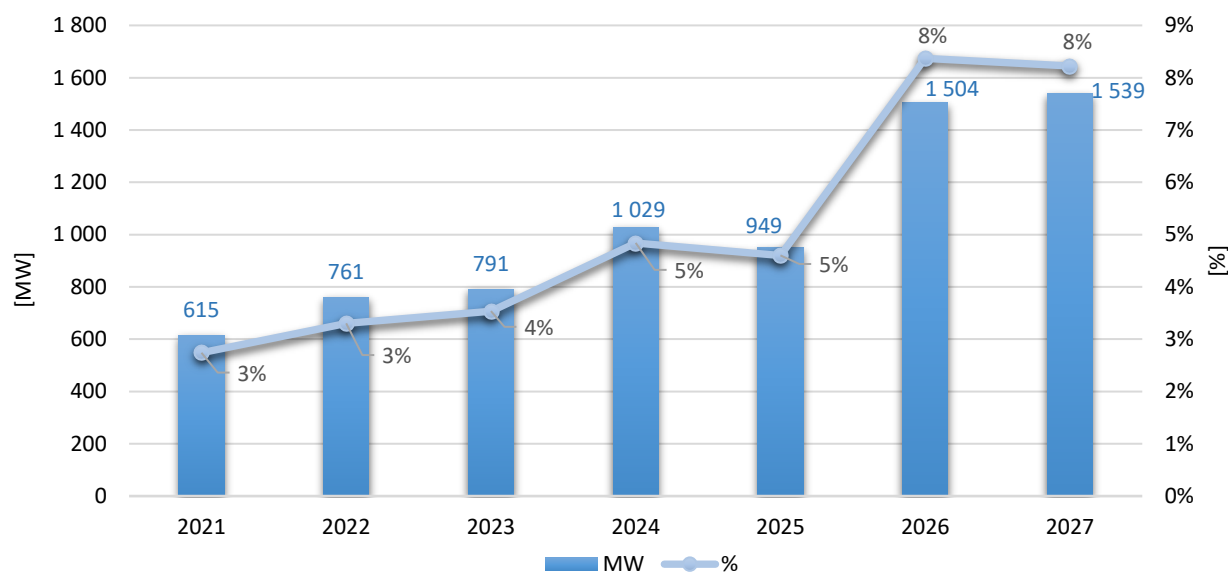
The capacity market processes for 2022 proceeded on time and without disruption.

The main auction for 2027 was the second in a row to end in the first round, as a result of which the clearing price was once again a record, exceeding last year's price by 1.49%. The clearing price at the highest possible level is a result of too low a supply of capacity obligations (5,379 MW) in relation to demand (6,237 MW). The basic reason for this state of affairs is the structure of electricity generation in Poland, which is dominated by sources that do not meet the emission limit and thus cannot benefit from support on the capacity market.

The uncertain economic situation in Europe, including in particular the large fluctuations in gas prices caused by the war in Ukraine, is another factor adversely affecting the supply of capacity in the 2027 main auction. The capacity obligations offered by entities planning to build new generation units were at a level approximately 50% lower than in the 2026 main auction, with a 55% decrease in the case of new gas-fired units.

A positive symptom of the changes slowly unfolding in the Polish power sector are the contracts concluded for the first time on the capacity market by investors in renewable energy sources and energy storage.

The share of DSR at around 1,500 MW in contracts concluded for the 2027 delivery year is virtually unchanged compared to the 2026 auction, which means that this is the volume of capacity currently available in Poland under the DSR service.

**Figure 10.** Share of DSR in capacity market contracts in years 2021–2027

Source: URE.

## Other activities in the capacity market

*European Resources Adequacy Assessment 2022 (ERAA 202)*

On 30 November 2022 ENTSO-E submitted the second European Resource Adequacy Assessment ERAA 2022 to ACER. In cooperation with the regulators, ACER assessed the ERAA 2022 based on criteria such as for the ERAA 2021, according to which the ERAA should be reliable and provide an objective basis for assessing adequacy, as required by Regulation 2019/943.

Despite the progress in the implementation of the methodology for assessing resource adequacy at the European level, approved by ACER Decision 24/2020<sup>39)</sup>, in relation to ERAA 2021, the discrepancies between the analysis performed by ENTSO-E and the requirements arising from the methodology contained in this decision are still too substantial. In addition, it is anticipated that the current energy crisis in Europe will significantly affect the evolution of the European energy sector.

Taking into account the above factors, it was considered that the use of ERAA 2022 for identifying resource adequacy risks and deciding on generation capacity mechanisms would not be appropriate, and again ACER, together with the regulators of all member states, decided not to accept the above analysis.

### 3.1.6. Cross-border issues

#### Monitoring technical cooperation between the EU and third country operators

In 2022, the technical possibilities of interconnection exchange were determined separately for: the synchronous profile, interconnections with Sweden and Lithuania and the radial operating 220 kV Zamość – Dobrotwór (Ukraine) line.

<sup>39)</sup> Decision no 24/2020 of the European Union Agency for the Cooperation of Energy Regulators of 2 October 2020 on the methodology for the European resource adequacy assessment.



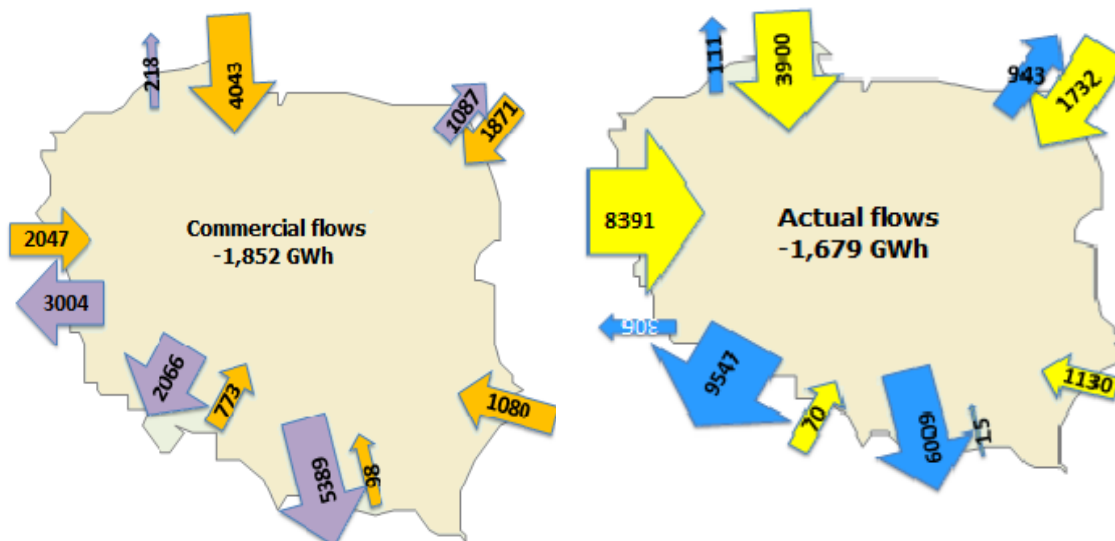
- In each case, the NTC method was used, taking into account the balancing conditions, while:
- for the synchronous profile, NTC values for imports and exports were determined for the annual auction, monthly auctions, daily auctions and intraday procedures,
  - for the synchronous profile, from 9 June 2022, the FBA method was introduced for the daily horizon, which replaced the NTC method,
  - for connections with Sweden and Lithuania, NTC values for export and import were determined for the daily auction and intraday procedures,
  - for the Zamosc – Dobrotwór radial connection, NTC values for imports were determined for the purpose of monthly tenders.

The Zamość – Dobrotwór radial power line was the only interconnection of the NES with the Ukrainian electricity system of non-EU countries in 2022. Transmission capacity on the Poland-Ukraine interconnection was made available through explicit auctions organized on a monthly time horizon. Transmission capacity was made available only in the direction of imports to Poland in the maximum amount of 265 MW.

### Monitoring of coordinated interconnection exchange

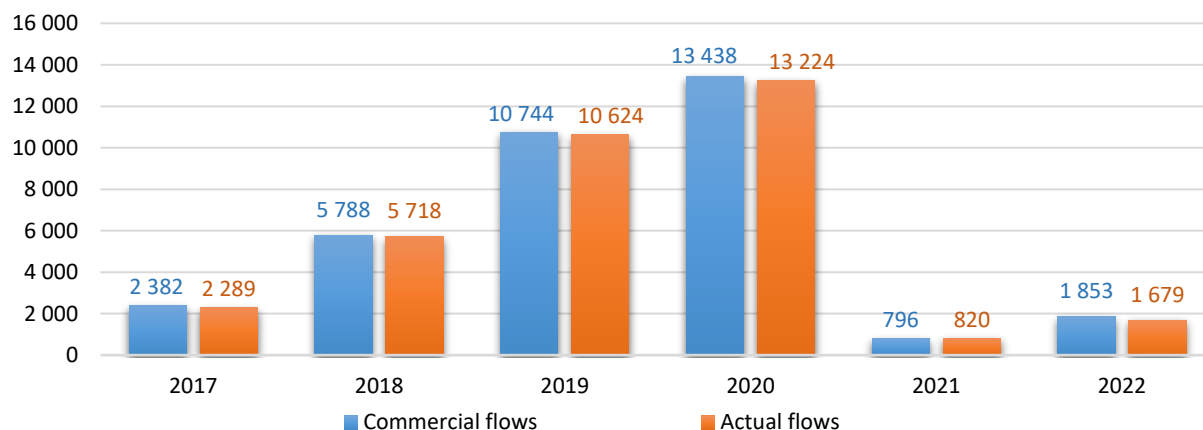
The trade balance of electricity interconnection exchanges and the actual energy flows from individual countries to Poland and from Poland to other countries in 2022 are shown in the figure below.

**Figure 11.** Balance of commercial and actual electricity flows on interconnections with other countries in 2022 [GWh]



Source: URE on the basis of data provided by PSE S.A.

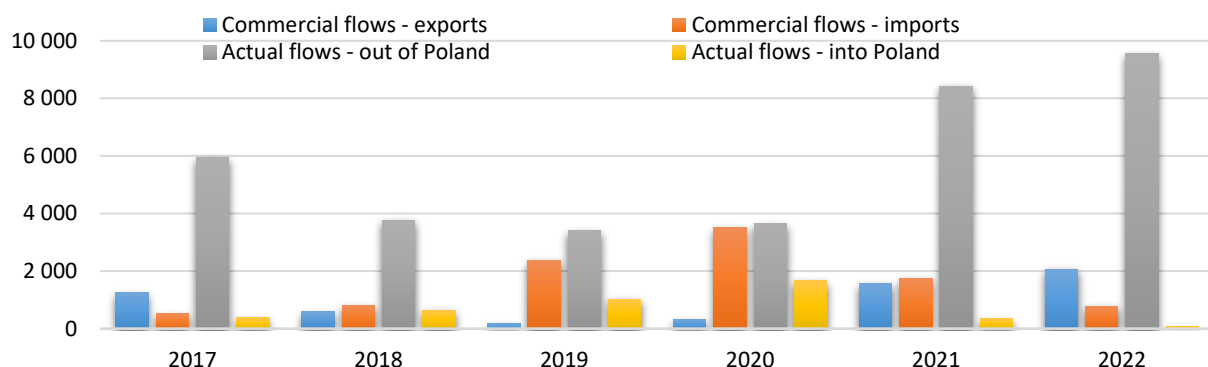
**Figure 12.** Comparison of commercial flow balances and actual electricity flow balances on interconnections with other countries (in total) in particular years 2017–2022 [GWh]



Source: URE on the basis of data provided by PSE S.A.

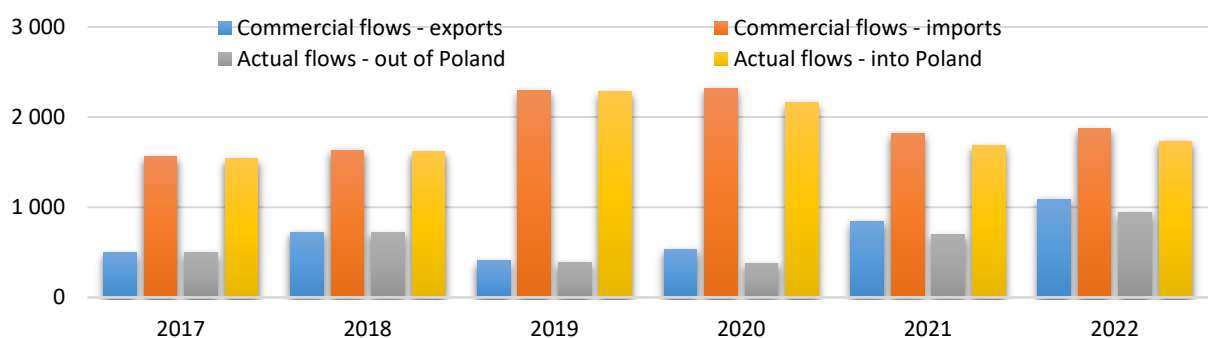
The figures below present a comparison of data on commercial flows (separately for imports and exports) and actual flows (separately for electricity flowing out of Poland and electricity flowing into Poland) broken down by individual interconnections with the neighbouring countries, that is on the interconnections of Poland with the Czech Republic, Lithuania, Germany, Slovakia, Sweden and Ukraine.

**Figure 13.** Comparison of commercial and actual electricity flows on the Poland-Czech Republic interconnection in the years 2017–2022 [GWh]



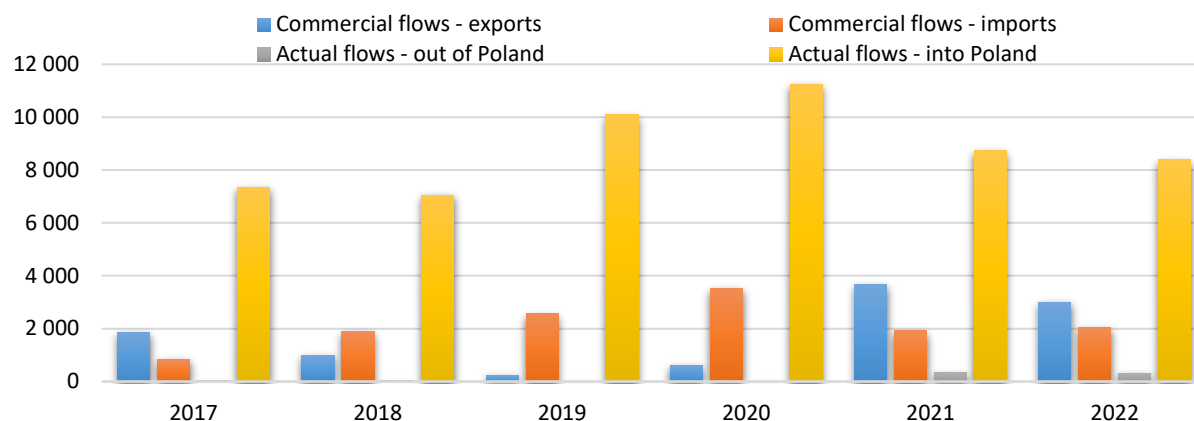
Source: URE on the basis of data provided by PSE S.A.

**Figure 14.** Comparison of commercial and actual electricity flows on the Poland-Lithuania interconnection in the years 2017–2022 [GWh]



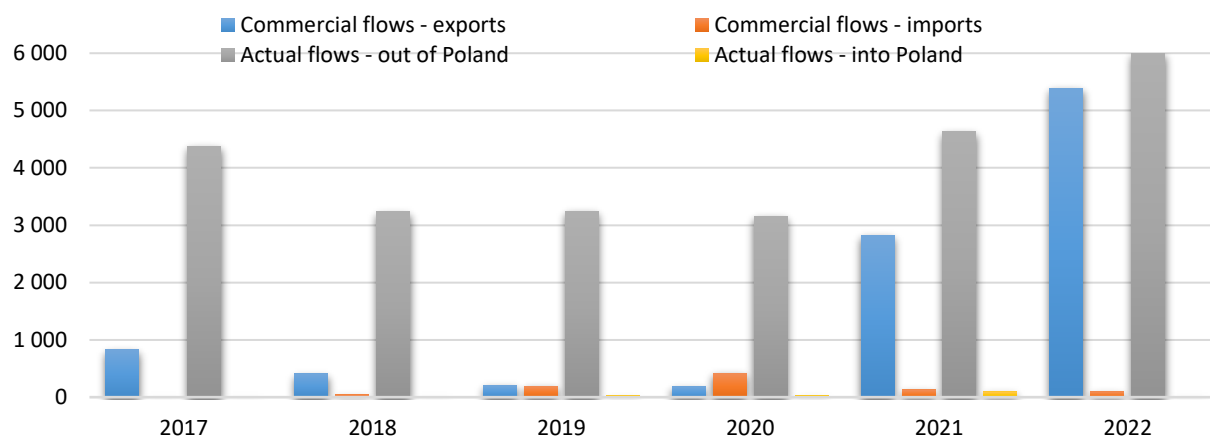
Source: URE on the basis of data provided by PSE S.A.

**Figure 15.** Comparison of commercial and actual electricity flows on the Poland-Germany interconnection in the years 2017–2022 [GWh]



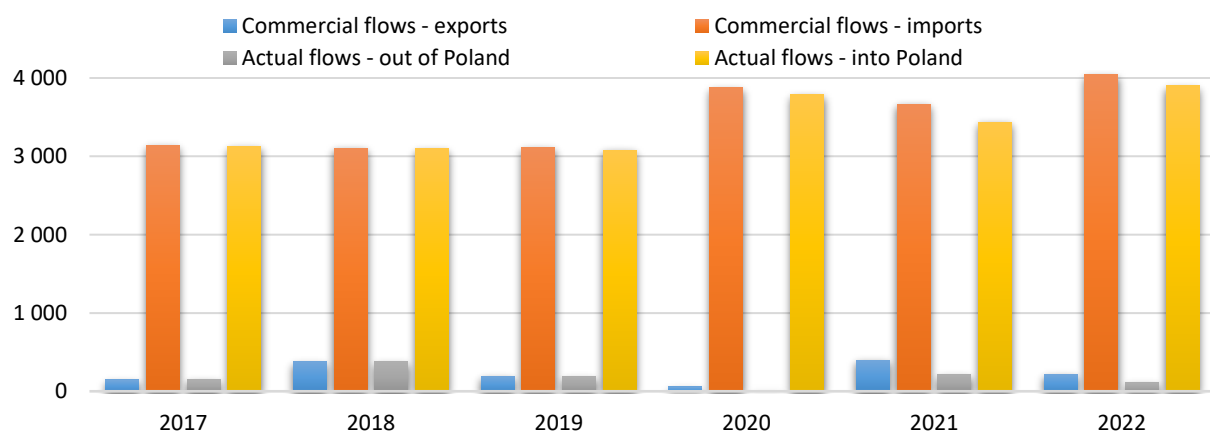
Source: URE on the basis of data provided by PSE S.A.

**Figure 16.** Comparison of commercial and actual electricity flows on the Poland-Slovakia interconnection in the years 2017–2022 [GWh]



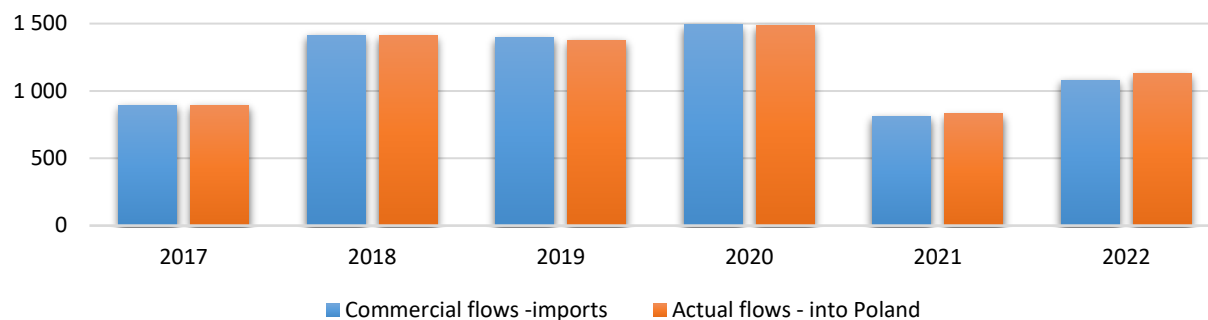
Source: URE on the basis of data provided by PSE S.A.

**Figure 17.** Comparison of commercial and actual electricity flows on the Poland-Sweden interconnection in the years 2017–2022 [GWh]



Source: URE on the basis of data provided by PSE S.A.

**Figure 18.** Comparison of commercial and actual electricity flows on the Poland-Ukraine interconnection (only for imports and energy flows out of Poland) in the years 2017–2022 [GWh]



Source: URE on the basis of data provided by PSE S.A.

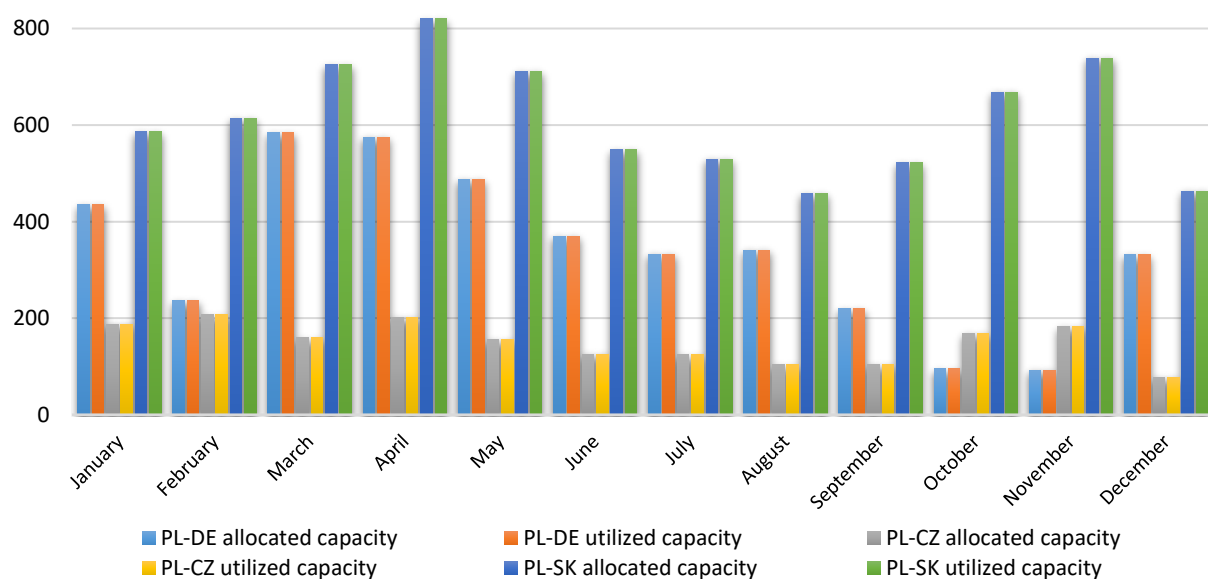
Commercial Balance – the balance on the Polish borders in 2022 – amounted to 1,852.6 GWh (exports). Exports of electricity amounted in total to 11,763.9 GWh and increased by 26% as compared to the previous year. Imports decreased slightly (by almost 2% as compared to the previous year) and amounted to a total of 9,911.3 GWh against 10,094.9 GWh in 2021.

Such a high increase in exports was mainly dictated by a much higher increase in electricity prices in western countries than in Poland, which began in 2021 and maintained in 2022. Increases in electricity prices, on the other hand, were caused, among other things, by rising gas prices on European markets, where the share of gas in electricity generation is much higher than in Poland.

At the same time, attention should be drawn to the significant difference between commercial and actual electricity flows at synchronous borders (Germany, Czech Republic, Slovakia), which is due to unplanned electricity flows that contribute to a significant reduction in the transmission capacity offered to participants at these borders.

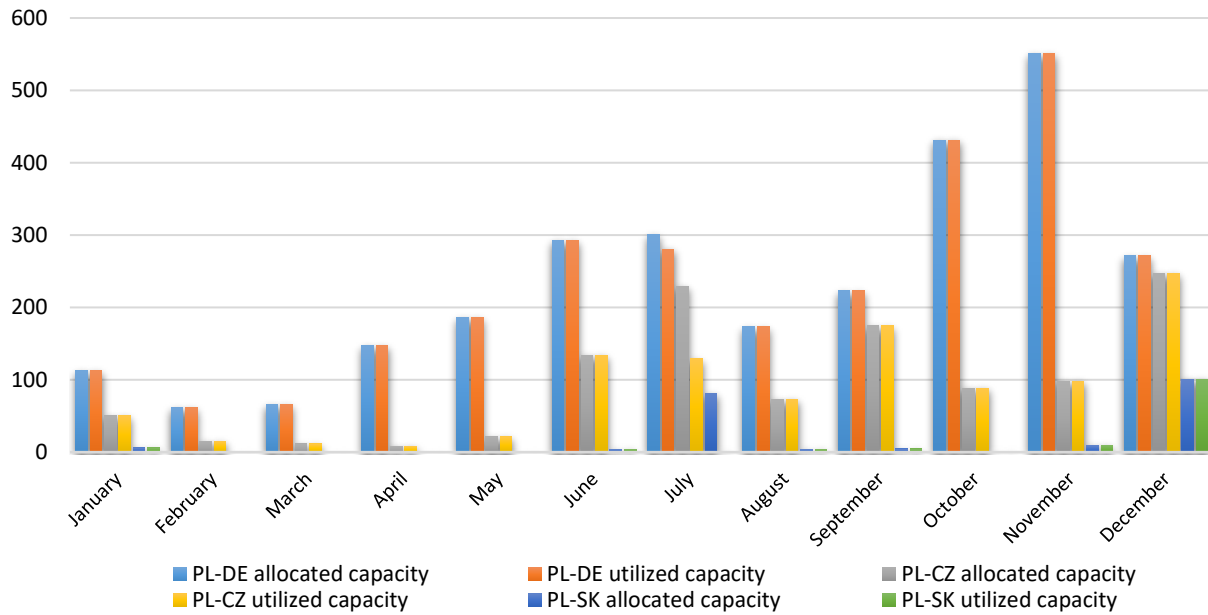
The figures below show monthly average volumes of allocated and utilized transmission capacities in export and import directions, respectively, on the synchronous interconnections in 2022.

**Figure 19.** Comparison of average monthly transmission capacity, allocated and utilized in export direction on synchronous interconnections in 2022 [MW]



Source: URE on the basis of data provided by PSE S.A.

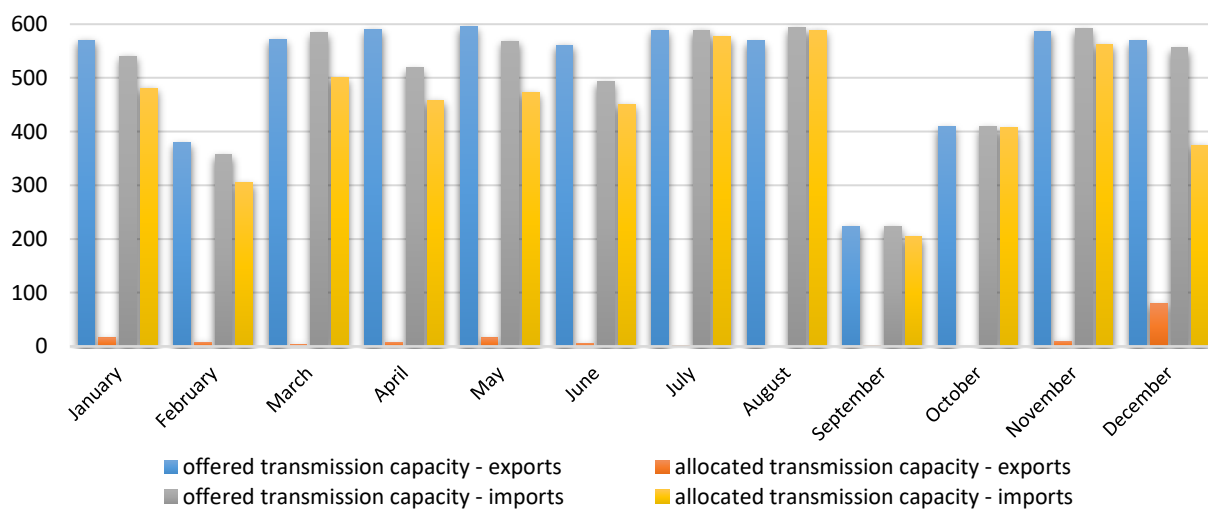
**Figure 20.** Comparison of average monthly transmission capacity, allocated and utilized in import direction on synchronous interconnections in 2022 [MW]



Source: URE on the basis of data provided by PSE S.A.

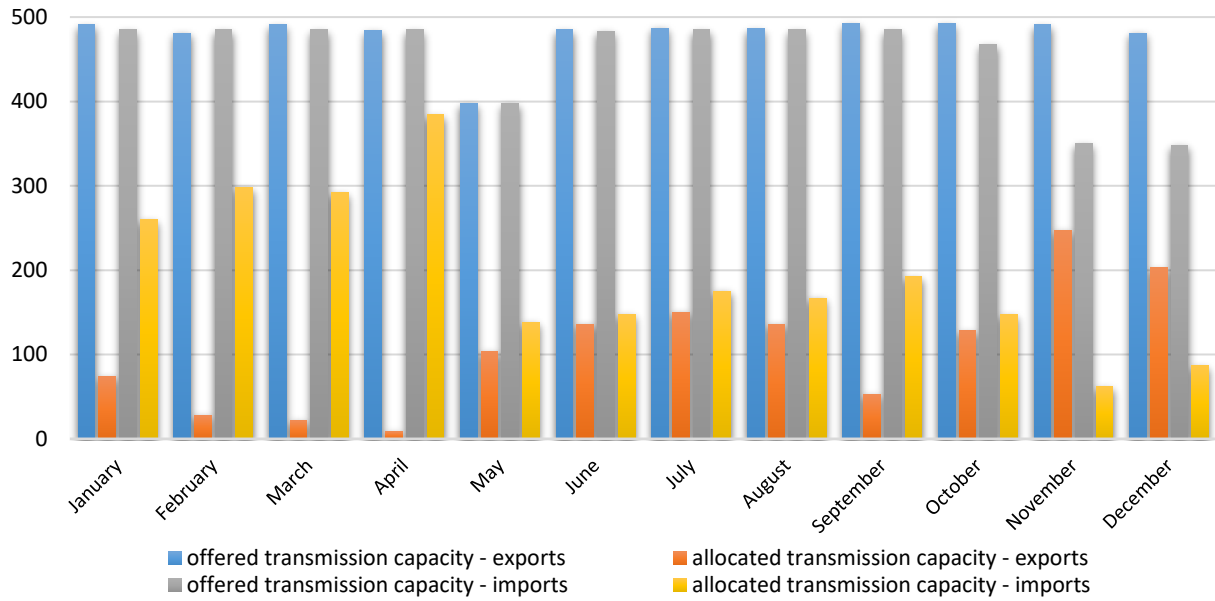
In 2022 PSE S.A. calculated transmission capacities for the technical profile connecting the Polish electricity system with the systems of Germany, the Czech Republic and Slovakia for annual, monthly and (until 8 June 2022) daily horizons. The technical profile consists of interconnectors that share a common technical constraint for commercial transactions carried out on individual bilateral interconnections. The shares of NTC allocated in the day-ahead horizon were calculated until the supply day of 8 June 2022, that is, until the introduction of the FBA capacity calculation on the interconnections with the systems of Germany, the Czech Republic and Slovakia for the daily horizon.

**Figure 21.** Comparison of monthly average transmission capacities offered and allocated on the Poland-Sweden interconnector in 2022 [MW]



Source: URE on the basis of data provided by PSE S.A.

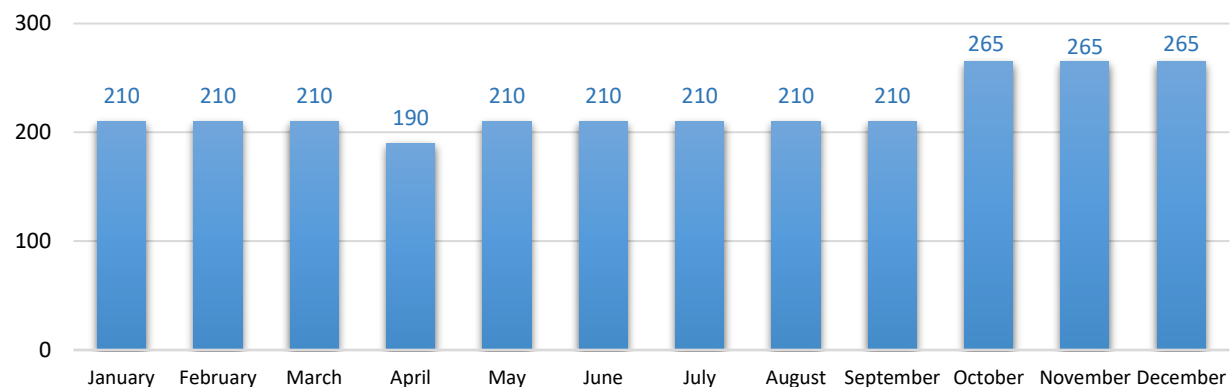
**Figure 22.** Comparison of monthly average transmission capacities offered and allocated on the Poland-Lithuania interconnector in 2022 [MW]



Source: URE on the basis of data provided by PSE S.A.

Maximum volumes of offered transmission capacities on this border amounted to 592 MW in import direction and also 595 MW in export direction. A similar situation occurred on the Poland-Lithuania interconnector. The direction of commercial exchange on this interconnection was largely due to availability of the interconnector Lithuania-Sweden. Maximum volumes of offered transmission capacities on the Poland-Lithuania interconnection amounted to 492 MW in export direction to Lithuania, and 485 MW in import direction to Poland. The figures do not take into account the allocated capacity for Sweden-Lithuania- and Lithuania-Sweden-transits due to the fact that from 10 February 2021, auctions under the Single Day-ahead Coupling involving multi NEMOs in Poland have been launched, making it impossible to use the existing settlement of these transits as separate from import/export flows.

**Figure 23.** Specification of monthly average offered and reserved transmission capacities on the Poland-Ukraine interconnector (imports) in 2022 [MW]



Source: URE on the basis of data provided by PSE S.A.

## Monitoring the limitations of transmission services in cross-border exchange due to lack of capacity or grid failures in 2022

In the case of interconnection exchanges on the synchronous interconnections and on the interconnections with Sweden and Lithuania, there were no limitations to the allocated transmission capacities (reductions) in 2022. On the Poland-Ukraine interconnection, there were no emergency shutdowns on the Polish side resulting in a reduction of planned supplies. The only failure to meet the exchange schedule was caused by an emergency shutdown of the unit at the Dobrotwór Power Plant.

### 3.1.7. Implementation of guidelines and network codes

**Table 6.** Applicable European Commission regulations (network codes and EC guidelines)

Name of network code / guidelines	Published
Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management	OJ L 197, 25.07.2015, p. 24 as amended
Commission Regulation (EU) 2016/1719 of 26 September 2016 establishing a guideline on forward capacity allocation	OJ L 259, 27.09.2016, p. 42 as amended
Commission Regulation (EU) 2017/2195 of 23 November 2017 establishing a guideline on electricity balancing	OJ L 312, 28.11.2017, p. 6 as amended
Commission Regulation (EU) 2016/1388 of 17 August 2016 establishing a Network Code on Demand Connection	OJ L 223, 18.08.2016, p. 10
Commission Regulation (EU) 2016/631 of 14 April 2016 establishing a network code on requirements for grid connection of generators	OJ L 112, 27.04.2016, p. 1
Commission Regulation (EU) 2016/1447 of 26 August 2016 establishing a network code on requirements for grid connection of high voltage direct current systems and direct current-connected power park modules	OJ L 241, 8.09.2016, p. 1
Commission Regulation (EU) 2017/1485 of 2 August 2017 establishing a guideline on electricity transmission system operation	OJ L 220, 25.08.2017, p. 1, as amended

Source: URE.

In 2022, work initiated in 2020 on amending Regulation 2015/1222 to harmonize it with the provisions introduced by Regulation 2019/943 was continued, as well as reviewing provisions that, in the opinion of the regulators and ACER, should have been amended or added, which had already been identified during the application of that Regulation.

In December 2022, the ACER Framework Guideline on demand side response<sup>40)</sup> was finalized. The document was prepared in accordance with Article 59(1)(e) of Regulation (EU) 2019/943 and based on a request from the European Commission.

ACER's decision on the determination of Capacity Calculation Regions (CCRs)<sup>41)</sup>, issued on the basis of Regulation 2015/1222, made it necessary for TSOs and national regulators to cooperate and coordinate jointly within the respective regions. The borders of the Polish bidding zone are assigned to three independent CCRs (Hansa – Polish-Swedish border, Core – Polish-German, Polish-Czech and Polish-Slovak borders, Baltic – Polish-Lithuanian border). Furthermore, Regulation 2017/2195 identifies as a region, in addition to the CCR, the relevant geographical area and the synchronous area. Regulation 2017/1485 further distinguishes a load-frequency control block (LFC block), which means a part of a synchronous area or an entire synchronous area, physically demarcated by measurement at interconnectors to other LFC blocks, consisting of one or more LFC areas, operated by one or more TSOs fulfilling the obligations of load-frequency control.

<sup>40)</sup> [https://acer.europa.eu/sites/default/files/documents/Official\\_documents/Acts\\_of\\_the\\_Agency/Framework\\_Guidelines/-Framework%20Guidelines/FG\\_DemandResponse.pdf](https://acer.europa.eu/sites/default/files/documents/Official_documents/Acts_of_the_Agency/Framework_Guidelines/-Framework%20Guidelines/FG_DemandResponse.pdf)

<sup>41)</sup> The capacity calculation regions were established by ACER Decision No. 06/2016 of 17 November 2016. (published on ACER's website: [http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Individual%20decisions/ACER%20Decision%2006-2016%20on%20CCR.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Individual%20decisions/ACER%20Decision%2006-2016%20on%20CCR.pdf)), as amended.

**Table 7. Methods or conditions approved in 2022<sup>42)</sup>**

EC Guidelines /Network Code Regulation	Terms and conditions or methodologies	Area/zone	Authority issuing the decision
2015/1222	Amendment to fallback procedures	CCR Hansa	Decision of the President of URE of 13 May 2022
2015/1222	Amendment to redispatching and countertrading cost sharing methodology	CCR Hansa	Decision of the President of URE of 20 October 2022
2015/1222	Amendment to intraday capacity calculation methodology	CCR Core	ACER Decision no. 06/2022 of 19 April 2022
2015/1222	Amendment to fallback procedures	CCR Core	Decision of the President of URE of 8 April 2022
2016/1719	Amendment to the methodology for sharing costs of establishing, developing and operating the Single Allocation Platform	EU	ACER Decision no. 09/2022 of 18 July 2022
2016/1719	Amendment to the congestion income distribution methodology	EU	ACER Decision no. 10/2022 of 18 June 2022
2016/1719	Amendment to nomination rules of physical transmission rights	bidding zone borders between Austria, Croatia, the Czech Republic, Germany, Hungary, Poland, Slovakia and Slovenia	Decision of the President of URE of 28 April 2022
2017/2195	Derogation from the requirement to implement a deadline for the transmission system operator to use the European platform for the exchange of balancing energy from frequency restoration reserve with automatic activation (aFRR)	Poland	Decision of the President of URE of 20 June 2022
2017/2195	Derogation from the requirement to implement a deadline for the transmission system operator to use the European platform for exchange of balancing energy from frequency restoration reserves with manual activation (mFRR)	Poland	Decision of the President of URE of 20 June 2022
2017/2195	Amendment to the Implementation framework for a European platform for the imbalance netting process	EU	ACER Decision no. 16/2022 of 30 September 2022
2017/2195	Amendment to the Implementation framework for a European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation (aFRR)	EU	ACER Decision no. 15/2022 of 30 September 2022
2017/2195	Amendment to the Implementation framework for a European platform for the exchange of balancing energy from frequency restoration reserves with manual activation (mFRR)	EU	ACER Decision no. 14/2022 of 30 September 2022
2017/2195	Amendment to the methodology for pricing balancing energy and cross-zonal capacity used for the exchange of balancing energy or operating the imbalance netting process	EU	ACER Decision no. 3/2022 of 25 February 2022
2017/2196	Amendment of the list of SGUs responsible for implementing on their installations the measures that result from from the mandatory requirements set out in Regulations (EU) 2016/631, (EU) 2016/1388 and (EU) 2016/1447 or from national	Poland	Decision of the President of URE of 17 May 2022

<sup>42)</sup> Decisions available on websites:

- ACER: <https://www.acer.europa.eu/documents/official-documents/individual-decisions>
- PURE: [ure.gov.pl/pl/energia-elektryczna/europejskiree/decyzje](https://ure.gov.pl/pl/energia-elektryczna/europejskiree/decyzje); <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/inne-decyzje-informacji/4193,Inne-decyzje-informacje-sprawozdania-opublikowane-w-2022-r.html>



	legislation, and the list of measures to be implemented by those SGUs concerned as determined by the TSO in accordance with Article 11(4)(c) and Article 23(4)(c) of Regulation 2017/2196		
2017/1485	Dimensioning rules of frequency restoration reserves (FRR)	LFC block (PSE S.A.)	Decision of the President of URE of 27 June 2022
2017/1485	Measures to reduce frequency restoration control error (FRCE) and coordination actions aiming to reduce the FRCE	LFC block (PSE S.A.)	Decision of the President of URE of 27 June 2022
2017/1485	Extension of the period for reaching an agreement among the regulatory authorities of the Continental Europe synchronous area on the proposal for the minimum activation period to be ensured by frequency containment reserves providers pursuant to Article 156(10) of Regulation 2017/1485	Synchronous area of continental Europe	ACER Decision no. 08/2022 of 18 July 2022

Source: URE's own materials.

### Regulation 2017/1485

In June 2022, at the request of the TSO, the President of URE issued a decision approving the documents entitled: "Dimensioning rules of frequency restoration reserves (FRR)" and "Measures to reduce the frequency restoration control error (FRCE) and coordination actions aiming to reduce the FRCE", which were developed pursuant to Articles 5(1) and 6(3)(e)(ii), (iii) and (iv) of Regulation 2017/1485. The FRR methodology contains the principles on the basis of which, pursuant to Article 157 of Regulation 2017/1485, the modalities and conditions for dimensioning frequency restoration reserves (FRRs), the detailed rules for the dimensioning of FRRs, including, among others, the input data to the methodology, the dimensioning and activation parameters for automatic and manual FRRs, the historical imbalance data, the dimensioning incident determination, the probabilistic method for the determination of FRRs, and the entry into force of, the transition period and the modalities for amendments to the methodology are determined. In contrast, the FRCE methodology shall include, made pursuant to Article 152(16) of Regulation 2017/1485, the identification of measures to reduce frequency restoration control error (FRCE) by means of changes in active power production or consumption, respectively, by power generation modules or demand units, and shall frame the procedure to be followed to coordinate measures to reduce FRCE, pursuant to Article 152(14)(b) of Regulation 2017/1485.

### Regulation 2017/2196

In May 2022, at the request of the TSO, the President of URE approved an amendment to the document currently in force entitled: "List of SGUs responsible for implementing on their installations the measures resulting from the mandatory requirements set out in Regulations (EU) 2016/631, (EU) 2016/1388 and (EU) 2016/1447 or from national legislation and the list of measures to be implemented by those SGUs as defined by the TSO in accordance with Articles 11(4)(c) and 23(4)(c) (Regulation 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration)". As with the previous revision of the SGU list, the update of the existing SGU list was due to the need to update the following documents: *System Defence Plan* and *Recovery Plan* in terms of the SGU List due to the decommissioning of generating modules as well as the commissioning of generating modules – classified as existing and new generating modules in accordance with Regulation 2016/631.

## Implementation of connection codes at national level

In 2022 the President of URE continued its activities related to the Connection Network Codes (Regulations: 2016/631, 2016/1388 and 2016/1447).

In February 2022, the President of URE received two applications from the owner of the generating module on the extension of the validity of the interim operational notification (ION) issued by the TSO separately for the two type D power generating modules<sup>43)</sup>. An ION shall entitle the power generating facility owner to operate the power generating module and generate power by using the grid connection for a limited period of time and shall be issued by the relevant system operator subject to a completion of the data and study review process required under Article 35 of Regulation 2016/631. The maximum period during which the power generating facility owner may maintain ION status shall be 24 months, whereby Article 35(5) of Regulation 2016/631 allows for the possibility to extend this period – if a request for a derogation is made to the relevant system operator before the expiry of the aforementioned period in accordance with the derogation procedure laid down in Article 60 of Regulation 2016/631. This procedure granted the regulatory authorities the power to grant derogations at the request of a power-generating facility owner or prospective owner, relevant system operator or relevant transmission system operator – from a provision or provisions of this regulation. Following the proceedings, the President of URE decided, by way of a decision, to extend the period for which the power generating module owner may maintain ION status – issued by the TSO separately for the two type D power generating modules. Information on the derogations was included in the Register of derogations from the connection requirements of the Network Codes maintained by the President of URE, in accordance with Article 64 of Regulation 2016/631, published on the website of URE<sup>44)</sup> and was also published on the dedicated register of derogations maintained by ACER<sup>45)</sup>.

In Q4 2022, the President of URE received a request from the owner of a Type B power generating module for a derogation from certain requirements of Regulation 2016/631. The proceedings were not completed in 2022.

In September 2022, the President of URE received a request from the DSO, pursuant to Article 4(1)(a)(iii) of Regulation 2016/631, for a decision stating the need to conclude a new connection agreement and specifying the requirements of the Regulation – as a result of the DSO being duly notified by the owner of the existing power generating module of the planned upgrade of the wind farm facility. The proceedings were not concluded in 2022.

Due to doubts regarding the qualification of installations, in October 2022 the DSO submitted a request for adjudication – whether a given power generating module meets the requirements for recognition as existing or new within the meaning of Regulation 2016/631, considering the provisions of Article 8a of the Energy Law Act, according to which, in doubtful cases, it is the DSO to whose network the facilities, installations or networks are connected, that may apply to the President of URE to decide whether these facilities, installations or networks meet the requirements for being considered existing or new. The proceedings were not concluded in 2022.

In December 2022, the President of URE received a request from a DSO connected to a system other than a transmission system for a decision pursuant to Article 4(1)(a)(iii) 2016/1388 as to whether a modification of the existing connection agreement is necessary or whether a new connection agreement is needed, and which requirements set out in that regulation apply – in relation to making an appropriate notification to the DSO of a planned upgrade or replacement of equipment that may affect the technical capacity of the existing distribution system connected to a system other than a transmission system. Proceedings were not concluded in 2022.

---

<sup>43)</sup> D-type includes generating modules with a maximum power rating of 75 MW and above, as well as all generating modules, regardless of their maximum power, if the voltage at their point of connection is at least 110 kV.

<sup>44)</sup> <https://bip.ure.gov.pl/bip/rejestr-y-i-bazy/rejestr-odstepstw-od-wymogow-p/4301,Rejestr-odstepstw-od-wymogow-przylaczeniowych-kodeksow-sieciowych.html>

<sup>45)</sup> <https://aegis.acer.europa.eu/record/>

### 3.1.8. Electromobility

In the first quarter of 2022 the President of URE concluded two administrative proceedings initiated as recently as 2021 at the request submitted by the executive bodies of the municipalities: (i) to amend the decision of the President of URE, and (ii) to designate an energy company as the operator of public charging stations and charging services provider in the territory of the municipality. The first proceeding was concluded with the amendment of the issued decision of the President of URE by replacing some of the public charging stations with reserve stations, included in the plan for the construction of public charging stations adopted by the municipal council. On the other hand, the second proceeding was discontinued due to its groundlessness following the entry into force, as of 24 December 2021, of the provision of Article 25 of the amendment to the Electromobility Act<sup>46)</sup>. Pursuant to this provision, to: (i) the commenced construction of a public charging station that was not commissioned before 24 December 2021, (ii) the construction of a public charging station not commenced before 24 December 2021, whose deadline for connection by the DSO, in accordance with the connection programme referred to in Article 62 para. 11 of the Electromobility Act before the amendment, expires on 31 December 2021 – the provision of Article 64 of the Electromobility Act before the amendment, in its current wording, which specifies the obligation of the DSO to build public charging stations indicated in the plan for the construction of public charging stations, and the costs incurred by the DSO for the construction of these charging stations are included in justified costs within the meaning of Article 3 para. 21 of the Energy Law Act, shall apply, among others. In the course of the proceedings, the DSO confirmed the lack of public charging stations meeting the aforementioned prerequisites of Article 25 of the amendment to the Electromobility Act, which constituted no basis for the President of URE to designate, by way of a decision, a company to perform the function of an operator of a public charging station and a charging service provider.

In 2022 in fulfilment of the obligation under Article 3a para. 6 of the Electromobility Act, the President of URE developed guidelines to ensure that the DSO conducts a tender – for the sale of the public charging station in an open, transparent and non-discriminatory manner, which were published on 23 May 2022 in Information No. 26/2022<sup>47)</sup> posted on the Public Information Bulletin of URE. These guidelines, pursuant to Article 3a para. 7 of the Electromobility Act, shall only apply to public charging stations referred to in the aforementioned Article 25 of the amendment to the Electromobility Act and to public charging stations owned by the DSOs on the date of entry into force of this Act. Thereafter, at the request of the DSOs, the President of URE approved the General Conditions of Tender for Sale of Publicly Available Charging Stations to four operators: TAURON Dystrybucja S.A., Stoen Operator Sp. z.o.o., ENEA Operator Sp. z.o.o. and ENERGA-OPERATOR S.A. Information on this subject was posted on the URE's website<sup>48)</sup>. Pursuant to the provisions of Article 3a para. 4 of the Electromobility Act, the DSOs should inform the President of URE about the conduct and results of the tender for the sale of public charging stations and any other disposal of a public charging station. In 2022, URE also received applications from three DSOs for approval of the General Conditions of the Tender for the Sale of Public Charging Stations. These proceedings were not completed in 2022.

---

<sup>46)</sup> Act of 2 December 2021 amending the Act on Electromobility and Alternative Fuels and Certain Other Acts (Journal of Laws of 2021, item 2269), hereinafter: the "amendment to the Act on Electromobility".

<sup>47)</sup> <https://bip.ure.gov.pl/bip/rejestrzy-i-bazy/oper/4026,Lista-operatorow-ogolnodostepnych-stacji-ladowania-i-dostawcow-uslug-ladowania-w.html>

<sup>48)</sup> <https://www.ure.gov.pl/pl/urzed/informacje-ogolne/aktualnosci/10562,Elektromobilnosc-Prezes-URE-zatwierdzil-Ogolne-warunki-przeprowadzenia-przetargu.html>

## 3.2. Competition and market operation

### 3.2.1. Wholesale market

The volume of gross domestic electricity production in 2022 was higher than that of the preceding year and amounted to 173,157 GWh (increase by 0.9% in comparison to 2021). In the reported period, gross domestic electricity consumption amounted to 173,479 GWh and decreased by (-) 0.53% as compared to 2021.

The increase in domestic electricity consumption was negligible. The GDP in 2022, which according to the Central Statistical Office's (GUS) preliminary estimate was 4.9%<sup>49)</sup>, was higher by 4 percentage points than the increase in the domestic electricity consumption.

In 2022, in the national balance of physical flows of electricity, the share of imports accounted for 8.0% of total inflows, while the share of exports amounted to 8.9% of electricity outflows. In comparison to 2021, the share of imports did not change, while the share of exports increased by 1.3 percentage points.

The structure of electricity generation in 2022 changed only slightly compared to 2021. The vast majority of generation is still based on conventional fuels, that is hard coal and lignite. In contrast, a noticeable change is the increase in the share of generation from renewable energy sources. In wind sources, the share of electricity generation increased from 8% to 10%, and in other renewables it increased from 3% to 5%.

In 2022, the installed capacity of the national electricity system was 60,446 MW and the generating capacity was 59,578 MW, an increase of 12.7% and 9.6%, respectively, compared to 2021<sup>50)</sup>.

The average annual capacity demand was 23,389.00 MW, with a maximum demand of 27,296.20 MW, a decrease of 1.20% and 1.16% respectively, compared to the previous year.

A downward trend was observed for the ratio of available capacity to generating capacity in 2022 which amounted to 51.8% (decrease by 5.8 percentage points compared to 2021).

### Entity structure of the energy wholesale market

In 2022, similarly to previous years, the largest market share in the electricity generation subsector was held by the PGE Polska Grupa Energetyczna S.A. group<sup>51)</sup>. During the period in question, the Group also maintained its leading position on the market for sales to final customers. In 2022, compared to 2021, the importance of the Orlen Group in terms of energy fed into the NES increased.

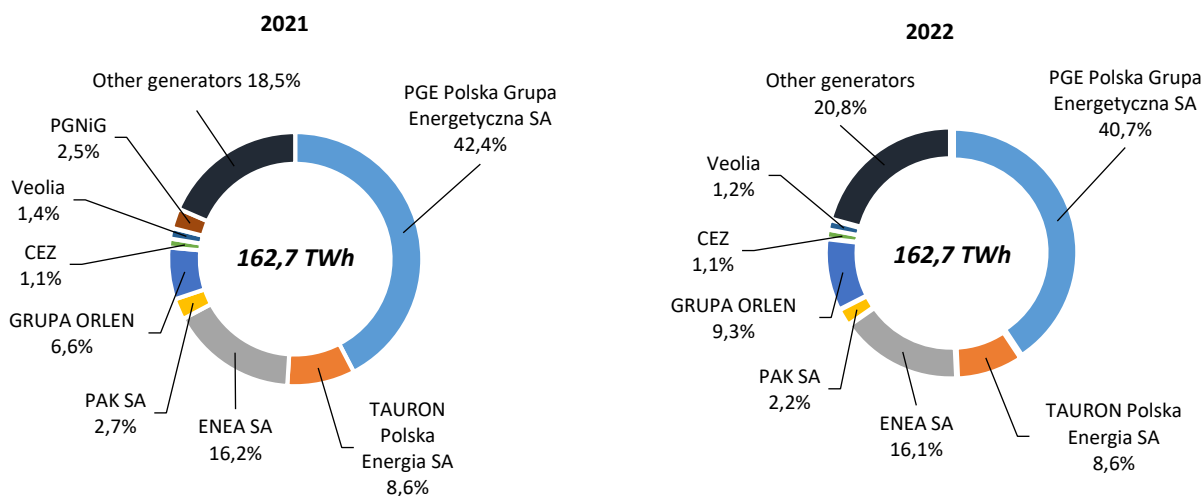
---

<sup>49)</sup> <https://stat.gov.pl/obszary-tematyczne/rachunki-narodowe/roczne-rachunki-narodowe/produkt-krajowy-brutto-w-2022-roku-szacunek-wstepny,2,12.html>

<sup>50)</sup> As at 31 December 2021 and 31 December 2022, data of PSE S.A.

<sup>51)</sup> Share calculated by volume of electricity fed into the grid. The calculation of this indicator takes into account the structure of entities as at 31 December of the year under examination.

**Figure 24.** Share of particular groups in the volume of electricity fed into the grid in the years 2021–2022 (considering the entity structure as at 31 December of the given year)



**NB:** The group “Other generators” includes both generators which are part of groups (for example Azoty, E.ON, Polenergia, FORTUM) and generators operating individually on the electricity generation market – outside groups.

Source: Data of the Ministry of Climate and Environment and URE.

The market share ratio of the three largest market players, measured by energy fed into the grid (taking into account the amount of energy supplied by generators directly to final customers), in 2022<sup>52)</sup> declined slightly to 66.1% (down 1 percentage point compared to 2021). The clear downward trend continued for a second consecutive year for the share of the three largest generators in installed capacity – a decrease of 6.2 percentage points. The three largest generators concentrated in groups in the 2022 were still: PGE Polska Grupa Energetyczna S.A., ENEA S.A., TAURON Polska Energia S.A. (they had a total of almost half of the installed capacity). On the other hand, in terms of the volume of electricity fed into the grid, TAURON Polska Energia S.A. was displaced from the group of the three mentioned generators by PKN Orlen S.A. (these generators were responsible for more than 2/3 of the country's electricity production).

It is worth noting that in 2022, generators from the PKN Orlen S.A. group significantly strengthened their position on the electricity generation market, among others due to the acquisition of generators from the PGNiG S.A. group into their structures.

<sup>52)</sup> When calculating the market share ratios of the three largest entities, both according to the energy fed into the grid and the installed capacity, the entity structure as at 31 December 2022 was taken into account.

**Table 8.** Market shares and concentration of the generation subsector\*

Year	Number of companies holding at least a 5% share in installed capacity	Number of companies holding at least a 5% share in electricity fed into the grid	Share of three largest entities in installed capacity [%]	Share of three largest entities in electricity fed into the grid [%]	HHI <sup>53)</sup>	
					Installed capacity	Electricity fed into the grid
2020	3	4	58.3	63.8	1 562.2	2 019.9
2021	4	4	54.5	67.1	1 370.6	2 198.9
2022	4	4	48.3	66.1	1 156.7	2 088.1

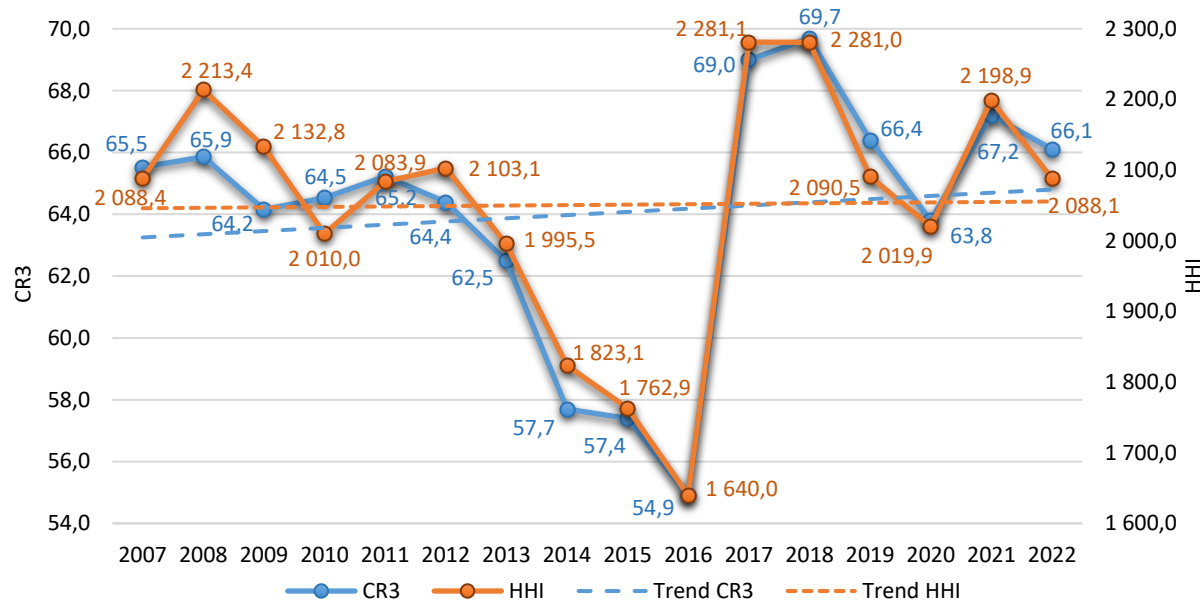
\* For all entities operating in the generation sector, which are subject to an obligation of reporting statistics, including installed capacity and energy fed into the grid from wind and hydro sources.

When calculating the market share ratios of the three largest entities and HHI ratios, both according to the energy fed into the grid and the installed capacity, the structure of the entities as at 31 December of the examined year was taken into account.

Source: Data of the Ministry of Climate and Environment and URE.

A many-year downward trend concerning in particular HHI, measured according to installed capacity and according to volume of electricity fed into the grid (including volume of electricity supplied by generators directly to final customers), changed considerably in 2017 and the intensity of this change was also observed in 2022. The concentration ratio for installed capacity maintained its downward trend for another year (a decrease by almost 16% in 2022 compared to 2021) and for electricity fed into the grid, after a slight increase, it fell again (by 5% in comparison to 2021)

It is worth emphasizing that this index calculated for generation in 2022 maintained a value indicating a still high market concentration. The concentration index calculated for installed capacity still remains at a level indicating medium concentration in the generation market.

**Figure 25.** Concentration level in generation subsector and market shares of largest entities by volume of electricity fed into the grid, in 2007–2022

Source: Data of the Ministry of Climate and Environment and URE.

<sup>53)</sup> The Herfindahl-Hirschman index (HHI) is defined as the sum of squares of individual market shares of all companies forming a given branch: HHI>5,000 – very high concentration, HHI from 1,800 to 5,000 – high concentration, HHI from 750 to 1,800 – medium concentration, below 750 – low concentration (according to the "Report on progress in creating the internal electricity and gas market", Brussels 2005 and J. Kaminski: *Methods for estimating market power in the energy sector*, Polityka Energetyczna, Volume 12, Paper 2/2, 2009).

When referring to the concentration data from recent years presented above, it should be noted that they reflect the dynamics of electricity production from fossil fuels and various renewable sources. The decreases in both concentration indices in 2022, compared to 2021, were mainly driven by the increase in electricity generation from small, dispersed renewable energy sources in the national electricity generation mix. Another reason for the decreases is the organizational changes made in the generation sector.

### Sale of electricity in respective market segments

The structure and mechanisms of market operation do not differ from the corresponding structures and mechanisms, which formed in a majority of other European member states deemed competitive markets. Market participants have, on a non-discriminatory basis, wide access to various forms of electricity purchase and sales and access to information on volumes and prices at which electricity is contracted and sold on a wholesale market.

The tables below present the forms of electricity purchase and sales in segments of generation and trading in the years 2020–2022.

**Table 9.** Forms of electricity sales by generators in 2020–2022 [TWh]

Year	Trading companies	Regulated markets, including power exchange	Balancing market	Exports	Final customers	Other sales*
2020	30.9	105.5	10.8	0.1	1.8	2.6
2021**	31.9	108.2	14.0	0.1	1.7	1.5
2022	28.4	99.5	11.3	0.0	1.6	1.4

\* Other sales include volumes of electricity sold to TSO and DSOs as well as sales to small local distributors.

\*\* The data were changed compared to the data in the Annual Report of the President of URE for 2021 due to the correction of the data by the surveyed entities.

Source: Data of the Ministry of Climate and Environment and URE

**Table 10.** Forms of electricity sales by trading companies in 2020–2022 [TWh]

Year	Trading companies	Regulated markets, including power exchange	Balancing market	Exports	Final customers	Other sales*
2020	110.4	96.5	7.4	1.5	127.0	28.1
2021**	111.0	118.9	7.3	1.4	133.1	23.8
2022	106.7	89.7	7.4	2.4	128.3	20.9

\* Other sales include volumes of electricity sold to TSO and DSOs as well as sales to small local distributors.

\*\* The data were changed compared to the data in the Annual Report of the President of URE for 2021 due to the correction of the data by the surveyed entities.

Source: Data of the Ministry of Climate and Environment and URE.

### Purchase of electricity in respective market segments

The tables below present forms of electricity purchase in segments of generation and trading in the years 2020–2022.



**Table 11.** Forms of electricity purchase by generators in 2020–2022 [TWh]

Year	Trading companies	Regulated markets, including power exchange	Balancing market	Imports	Other purchase directions
2020	8.7	21.4	11.0	0.7	0.2
2021*	8.9	6.8	9.8	0.2	0.2
2022	8.9	3.0	5.7	0.0	0.1

\* The data were changed compared to the data in the Annual Report of the President of URE for 2021 due to the correction of the data by the surveyed entities.

Source: Data of the Ministry of Climate and Environment and URE.

**Table 12.** Forms of electricity purchase by trading companies in 2020–2022 [TWh]

Year	Power plants	RES installations directly	Trading companies	Regulated markets, including power exchange	Balancing market	Imports	Other purchase directions	Obligated supplier**
2020	43,7	11,2	111,5	193,3	4,7	4,9	1,3	0,3
2021*	51,3	12,5	107,2	213,0	5,5	2,8	2,2	0,2
2022	39,4	14,9	103,0	184,0	7,5	2,7	2,7	0,2

\* The data were changed compared to the data in the Annual Report of the President of URE for 2021 due to the correction of the data by the surveyed entities.

\*\* Obligated supplier – includes the purchase of electricity from a micro-installation other than a prosumer and from an installation other than micro-installation.

Source: Data of the Ministry of Climate and Environment and URE.

### 3.2.1.1. Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

The prices of electricity supplied in 2022 are illustrated by three price indices published by the President of URE, that is the annual and quarterly average price of electricity sales on the competitive market and the quarterly average price of electricity sold on terms other than those provided for in Article 49a para. 1 of the Energy Law Act.

On the basis of surveys submitted by electricity producers and trading companies, data from reports of public statistics and data from power exchange, information on, among others, the average annual prices of electricity sales on the competitive market, and average quarterly prices of electricity sales on the competitive market, as well as average quarterly prices of electricity sold under other rules than sale on power exchange are calculated and published.

#### *Average annual price of electricity sales on the competitive market and the method for its calculation*

In 2022, the average annual price of electricity sales on the competitive market was 523.71 PLN/MWh. This price is:

- 36.3% higher than the weighted average price of the annual contract with baseload delivery of electricity in 2022 (BASE\_Y-22) quoted on the TGE S.A. Commodity Forward Instruments Market (CFIM)/Electricity Forwards Market (EFM OTF), which amounted to 384.16 PLN/MWh in contracts concluded in 2021,
- 52.8% lower than the weighted average price of the annual contract with baseload delivery in 2023 (BASE\_Y-23) listed on TGE S.A. on the EFM OTF, which was at 1110.04 PLN/MWh in contracts concluded in 2022.

The average annual electricity sales price in the competitive market was determined on the basis of data on electricity sales by generators and trading companies in competitive segments of the domestic wholesale electricity market, that is, to:

- non-group trading companies under bilateral contracts<sup>54)</sup>,
- via TGE S.A. and within NEMO via EPEX SPOT SE (EPEX/EEX) and NORD POOL.

Sale of electricity to the balancing market was not included in the algorithm for determining the above price due to the technical nature of this market segment.

The data sources for the calculation of the aforementioned price include data from the public fuel and energy statistics system and data obtained from TGE S.A., EPEX SPOT SE (EPEX/EEX) and NORD POOL.

The algorithm for determining the average annual electricity sales price on the competitive market is presented in the Information of the President of URE on the amount of the aforementioned price<sup>55)</sup>.

#### *Average quarterly price of electricity sales on the competitive market and the method for its calculation*

The algorithm for calculating the average quarterly price of electricity sales on the competitive market is the same as in the case of the average annual price of electricity sold on the competitive market.

**Table 13.** Average quarterly prices of electricity sales on the competitive market in 2022

Quarter	Average quarterly price of electricity sales on the competitive market [PLN/MWh]	Volume of electricity sold on the competitive market [TWh]
I	468.35	62.1
II	471.96	55.6
III	566.33	54.7
IV	586.79	60.8

*Source: Data from TGE S.A., the Ministry of Climate and Environment and URE.*

The components of the average quarterly electricity sales prices on the competitive market in 2022 are the volumes and values of electricity sold via TGE S.A. and within NEMO via EPEX SPOT SE (EPEX/EEX) and NORD POOL (from Q3 2022) and sold on the OTC market, and do not take into account intra-group contracts.

**Table 14.** Quarterly average prices for the sale of electricity through TGE and within NEMO in 2022 (from Q3 2022)

Quarter	Average quarterly price of electricity sold through TGE and within NEMO (from Q3 2022 onwards) [PLN/MWh]	Volume of electricity sold through TGE and within NEMO (from Q3 2022 onwards) [TWh]
I	460.71	58.1
II	470.26	52.5
III	558.94	51.3
IV	574.16	56.3

*Source: Data from TGE S.A., EPEX SPOT SE (EPEX/EEX) and NORD POOL.*

<sup>54)</sup> In the case of vertically consolidated groups referred to in Article 3 para. 1 item 44 of the Act of 29 September 1994 on accounting (Journal of Laws of 2021, item 217, as amended), sales of electricity in bilateral contracts to trading companies within the same group are not included.

<sup>55)</sup> Information on annual and quarterly prices together with announcements can be found on the URE's website at: <https://www.ure.gov.pl/pl/energia-elektryczna/ceny-wskazniki/7852,Srednia-cena-sprzedazy-energii-elektrycznej-na-rynku-konkurencyjnym-roczna-i-kwa.html>

**Table 15.** Quarterly average prices for the sale of electricity on the OTC market in 2022

Quarter	Average quarterly price of electricity sold on the OTC market [PLN/MWh]	Volume of electricity sold on the OTC market [TWh]
I	579.55	4.0
II	501.04	3.1
III	678.09	3.4
IV	746.01	4.5

Source: Data from the Ministry of Climate and Environment and URE.

*Average quarterly price of electricity which is not subject to the public sale obligation*

The volumes and average quarterly price of electricity sold under rules other than those determined in Article 49a para. 1 of the Energy Law Act<sup>56)</sup>, in respective quarters of 2021, are presented in the Table below.

**Table 16.** Volumes and average quarterly prices of electricity sold under the rules other than those stipulated in Article 49a para. 1 of the Energy Law Act in 2022

Quarter	Average quarterly price of electricity sold under rules other than those determined in Article 49a para. 1 of the Energy Law Act*[PLN/MWh]	Volume of electricity sold under rules other than those determined in Article 49a para. 1 of the Energy Law Act [TWh]
I	466.60	8.44
II	489.22	5.46
III	615.28	4.11
IV	532.43	7.98

\* The price does not include taxes (VAT, excise tax), charges not related to the volume of sold electricity or obligations related to certificates of origin.

Source: URE, on the basis of data provided by electricity generators for particular quarters of 2022.

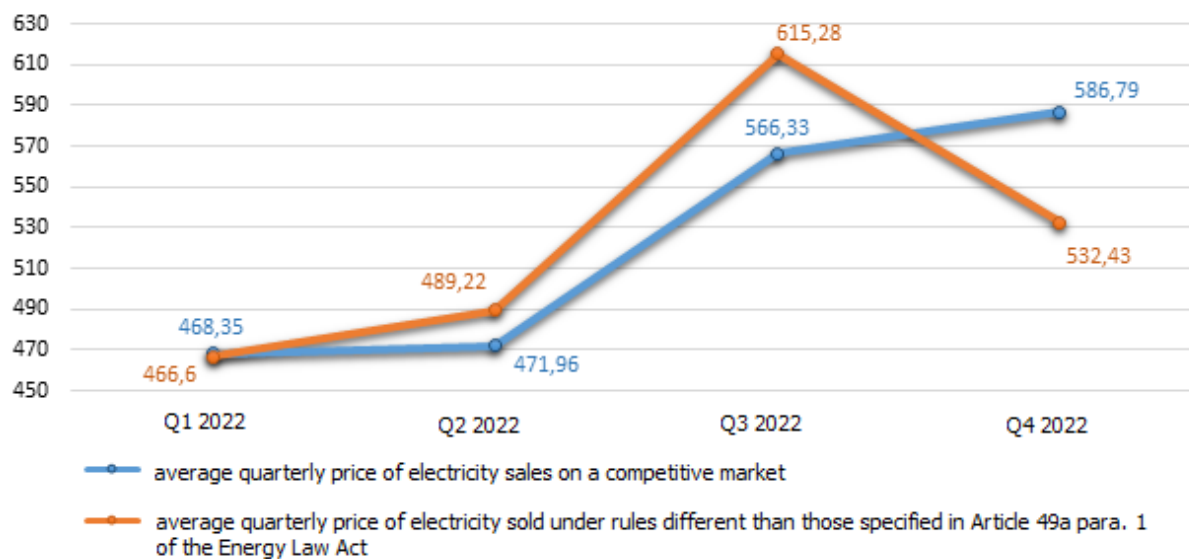
The quarterly prices<sup>57)</sup>, referred to above were set on the basis of data<sup>58)</sup> concerning performance of contracts on electricity sales to trading companies, concluded by energy companies generating electricity, obliged to sell part of generated electricity in the manner specified in Article 49a para. 1 of the Energy Law Act.

<sup>56)</sup> Article 49a para. 1 of the Energy Law Act specifies the obligation for electricity generators with respect to sale of electricity in the manner ensuring public access to it (power exchange obligation).

<sup>57)</sup> Information on annual and quarterly prices may be found on the URE's website at: <https://www.ure.gov.pl/pl/energia-elektryczna/ceny-wskazniki/7851,Srednia-kwartalna-cena-energii-elektrycznej-sprzedanej-na-zasadach-innych-niz-wy.html>

<sup>58)</sup> Data provided by generators in accordance with the call published on the URE's website at: <https://www.ure.gov.pl/pl/biznes/obowiazki-sprawozdawcze/energia-elektryczna/8241,Prezes-URE-wzywa-wytworcow-energii-elektrycznej-do-cyklicznego-skladania-informa.html>

**Figure 26.** Average quarterly prices of electricity sold under rules different than those specified in Article 49a para. 1 of the Energy Law Act and average quarterly prices of electricity sales on a competitive market in 2022 [PLN/MWh]

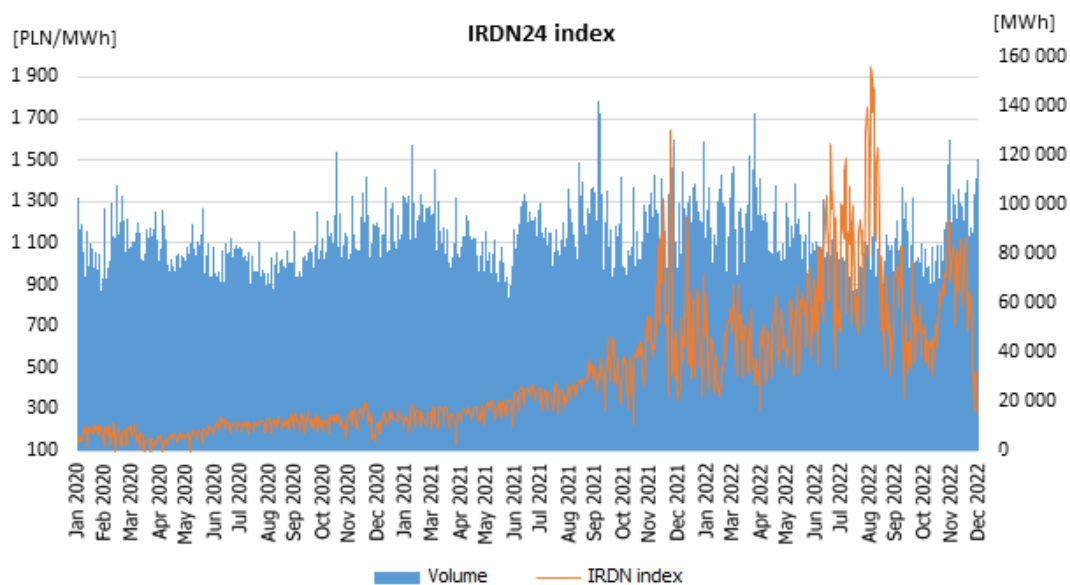


Source: URE's own analysis

#### Prices on SPOT market of TGE S.A.

The below figure presents development of electricity prices on the day-ahead market – DAM, managed by TGE S.A., measured with the IRDN24 index. This index shows arithmetic average price of all transactions, except for block contracts, of DAM trading session, calculated after the delivery date for the entire 24 hours.

**Figure 27.** Average daily electricity price in SPOT transactions, measured by IRDN24 [PLN/MWh], and daily volume of electricity traded on DAM market (without block contracts) [MWh] in particular months of the years 2020–2022



Source: URE, on the basis of data provided by TGE S.A.

Volume-weighted average price of electricity on DAM in 2022 amounted to 796.17 PLN/MWh and was higher by 395 PLN/MWh in comparison to 2021 when this price was 401.17 PLN/MWh.

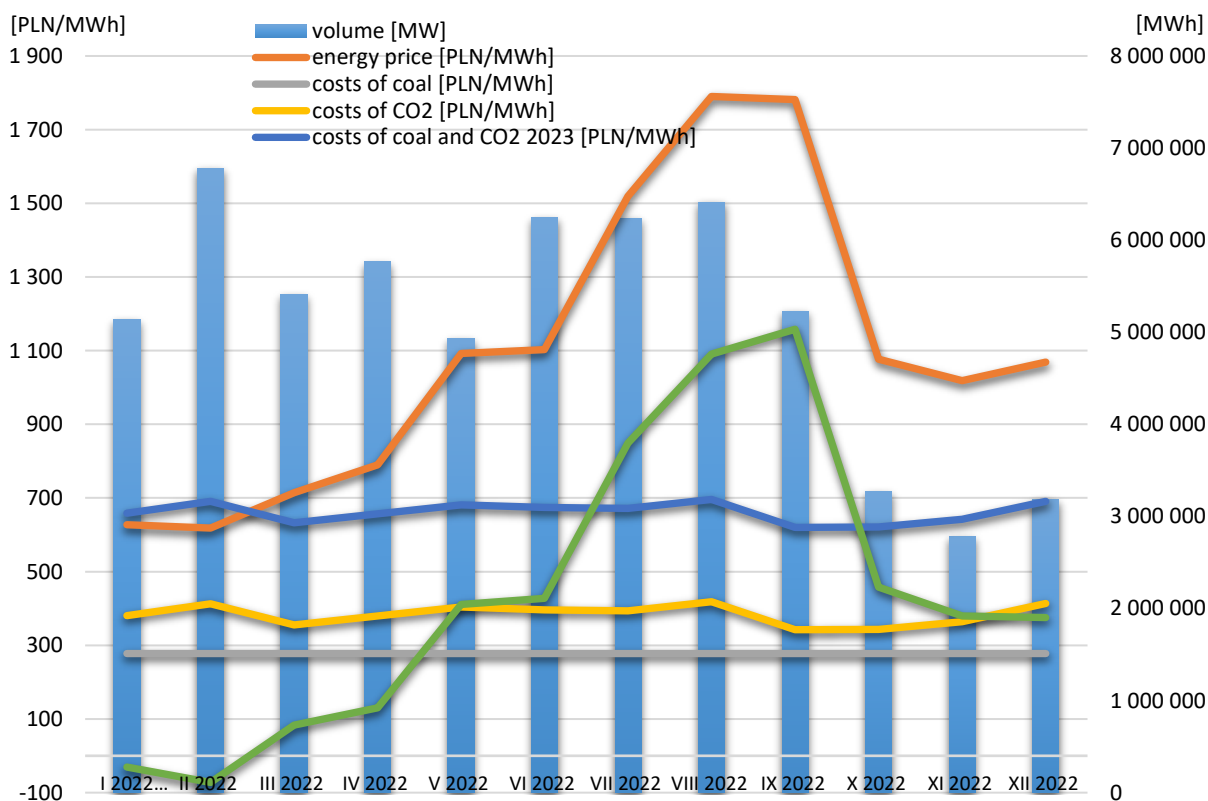
#### Prices on CFIM/EFM OTF market of TGE S.A.

An increase in electricity prices on the forward market run by TGE S.A was observed, which was reflected by the y/y increase of prices in BASE\_Y forward contracts (yearly contract with baseload delivery for another year). The volume-weighted average transaction price of BASE\_Y-23 contract in the entire year 2022 was at the level of 1,110.04 PLN/MWh, in comparison to 2021, when the volume weighted average transaction price of the corresponding BASE\_Y-22 forward contracts amounted to 384.16 PLN/MWh.

At the same time, average monthly price of BASE\_Y-23 contracts concluded in December 2022 was equal to 1086.63 PLN/MWh, whereas the monthly average price of corresponding contracts (BASE\_Y-22) concluded in December 2021 amounted to 721.84 PLN/MWh, which indicates an increase of the price of these contracts by around 48%.

Within its limited resources, the President of URE also performs cyclical monitoring of the wholesale electricity market, including with regard to components affecting the level of electricity prices, such as, among others, CO<sub>2</sub> emission allowance prices and coal prices. In particular, the level of the Clean Dark Spread indicator (CDS) was examined by the President of URE<sup>59</sup>.

**Figure 28.** Average monthly CDS against average monthly electricity prices – BASE\_Y-23 instrument<sup>60</sup> quoted on TGE S.A. in 2022 [PLN/MWh]



Source: Own analysis on the basis of data of TGE S.A., ICE, ARP.

<sup>59</sup>)  $CDS = C_{EE} - (CP + C_{CO_2})$ , where: CDS – Clean Dark Spread index; CEE – net electricity price in PLN/MWh; CP – coal price converted into the cost of production of 1 MWh of electricity net from hard coal in PLN/MWh; CCO<sub>2</sub> – CO<sub>2</sub> emission allowance price converted into the cost of CO<sub>2</sub> emission for production of 1 MWh of electricity net in PLN/MWh.

<sup>60</sup>) One-year forward contract for the supply of electricity, due to be performed in 2023.

## Transparency of the wholesale energy market – implementation of obligations under the REMIT Regulation

Participants of the wholesale energy market, pursuant to the provisions of the REMIT regulation, are subject to the prohibition of manipulation or attempts to manipulate the market, as well as conducting trade based on inside information.

### *Registration in the national registry for market participants*

As part of its REMIT obligations, URE registers Polish energy market participants in the Centralized European Register of Energy Market Participants (CEREMP)<sup>61)</sup>, prepared by ACER.

At the end of 2022, 817 market participants from Poland were registered in the CEREMP system (approximately 5.07% of all registered entities). The increase in registered market participants from Poland in 2022 compared to 2021 was 9.37%.

### *Reporting data to ACER*

Reporting of data to ACER is preceded by the obligation to register market participants in the national register of these participants. Wholesale energy market participants report information on concluded transactions and orders<sup>62)</sup> to trade through entities that have been granted the status of the so-called Registered Reporting Mechanism (RRM)<sup>63)</sup> by ACER. At the end of 2022 three entities in Poland held the status of RRM, that is: TGE S.A., OGP Gaz-System S.A. and PSE S.A.

### *Publication of inside information*

Effective compliance with the obligation of market participants to publish inside information, as from 1 January 2021, can only take place through ACER-registered Inside Information Platforms (IIPs) and (under certain conditions) through the relevant Transparency Platforms.

As of 1 January 2023, wholesale energy market participants can no longer use their websites as a back-up solution to publish inside information. In the event of an emergency, market participants must only use the back-up solution provided by the relevant IIP, including such as publishing inside information via another IIP<sup>64)</sup>.

Wholesale energy market participants are required to indicate in the national register of market participants the selected IIPs where they publish the required inside information.

In 2022, the ACER list published on the REMIT PORTAL website<sup>65)</sup>, among the entities applying for the status of platforms operated by these entities as Inside Information Platforms and entities whose platforms passed at least the first stage of the ACER assessment, included TGE S.A. operating the Exchange Information Platform (GPI)<sup>66)</sup> for the wholesale electricity market and OGP Gaz-System

---

<sup>61)</sup> [https://www.acer-remit.eu/ceremp/home?nraShortName=20&lang=pl\\_PL](https://www.acer-remit.eu/ceremp/home?nraShortName=20&lang=pl_PL)

<sup>62)</sup> The data to be transmitted are collected by ACER using the ARIS system (ACER REMIT Information System) set up for this purpose.

<sup>63)</sup> Registered Reporting Mechanisms (RRMs) – reporting parties, are market participants, or entities providing information on their behalf, that comply with technical and organizational requirements to ensure the efficient, effective and secure exchange of information and processing of information for the handling of information in accordance with Article 8 of the REMIT Regulation and Implementing Regulation (EU) No 1348/2014.

<sup>64)</sup> ACER publication entitled “REMIT Quarterly” (Issue No. 31 /Q4 2022), information entitled “Disclosure of inside information”; REMITQuarterly\_Q4\_2022\_1.0.pdf (europa.eu).

<sup>65)</sup> <https://www.acer-remit.eu/portal/list-inside-platforms>

<sup>66)</sup> The Exchange Information Platform (GPI) has been in place since 27 February 2014 and was established with the cooperation of representatives from the entire electricity sector under the patronage of the President of URE.

S.A. operating a platform for the wholesale gas market – the Gas Inside Information Platform (GIIP). Both TGE S.A. and OGP Gaz-System S.A. have successfully passed all stages of the ACER assessment.

#### *Obligations of persons professionally arranging transactions*

A special role in monitoring irregularities arising from the REMIT Regulation rests with persons professionally arranging transactions (PPATs) on the energy wholesale market that are required to create and maintain effective mechanisms and procedures to identify cases of violation of the prohibition of market manipulation, attempted market manipulation or illegal use of inside information.

In 2022 in Poland, transactions on the energy wholesale market were actively arranged by three entities: TGE S.A., PSE S.A. and OGP Gaz-System S.A.

Under the REMIT Regulation, these entities are obliged to notify the President of URE if they have reasonable grounds to suspect that a given transaction on the wholesale energy market may constitute a breach of the prohibitions of manipulation or illegal use of inside information. In addition, the above-mentioned entities conduct periodic training for market participants in order to update the implemented principles of monitoring the wholesale energy market aimed at detecting and preventing abuses defined in the REMIT Regulation.

In 2022, one Polish PPAT reported two cases of suspected market manipulation or attempted market manipulation by wholesale energy market participants to the President of URE.

**Table 17.** Categories of entities resulting from the REMIT Regulation

item	Status as at the end of 2022	European Union	Poland
1	Market participants registered with CEREMP	16 110	817
2	Registered Reporting Mechanisms (RRM)	104	3
3	Entities applying to ACER for IIP status and entities having passed at least the first stage of ACER* evaluation as IIP	21	2
4	PPATs – Persons professionally arranging transactions	No current data	3

\* Except for Central Transparency Platforms.

*Source: ACER's website – REMIT PORTAL.*

#### *Cooperation of the President of URE with other regulatory authorities and ACER with regard to the implementation of obligations under the REMIT Regulation*

In 2022, representatives of the President of URE participated in ACER working groups where the issues of the manner of conducting supervision of the wholesale energy market were discussed.

The work was conducted through online meetings and through the exchange of information electronically.

#### *Communication with wholesale energy market participants*

The most important information related to the REMIT Regulation has been published on the URE's website<sup>67)</sup>. Market players may also send their questions about performance of obligations arising from the above-mentioned Regulation and from secondary legislation on registration of market participants

<sup>67)</sup> <https://www.ure.gov.pl/pl/urzed/prawo/prawo-wspolnotowe/remit/aktualnosci-remit>



in the national register of market participants, to the URE's dedicated e-mail address<sup>68)</sup>. ACER runs a REMIT Portal on its website<sup>69)</sup> dedicated to any issues included in the REMIT Regulation.

Wholesale energy market participants, as well as other entities and institutions, may report suspected violations of the REMIT Regulation through ACER's online platform (Notification Platform)<sup>70)</sup>, as well as directly to the President of URE.

### *Explanatory proceedings*

In 2022 URE employees authorized by the President of URE conducted two explanatory proceedings in cases of suspected market manipulation or attempted market manipulation, ordered pursuant to Article 23p para. 1 of the Energy Law Act. One of the aforementioned proceedings was ordered under a notification filed by one of the PPATs and was closed because no grounds were found to conduct a REMIT inspection referred to in Article 23c para. 1 of the Energy Law Act, or to file a notice of suspicion of an offence.

The second proceeding was ordered by the President of URE in connection with a surge in electricity prices, particularly of the BASE\_Y-23 product, observed since 1 January 2022. These proceedings were concluded with the preparation of a notice of suspicion of an offence at the end of 2022 and the submission of this notice to the Public Prosecutor's Office at the beginning of 2023.

Pursuant to Article 23p para. 6 and 8 of the Energy Law Act, upon completion of the explanatory proceedings, the President of URE shall submit a notice of suspicion of an offence, initiate a REMIT inspection or order closure of the proceedings. Closing the proceedings does not prevent from conducting it again for the same act, unless the statute of limitations for punishability of the offence has expired.

Irrespective of the above, in 2022 the President of URE analyzed six more cases of suspected market manipulation or unlawful insider trading reported directly to the President of URE by Polish energy market participants and other Polish entities, as well as by Polish PPATs and by foreign entities through ACER's Notification Platform. After a detailed analysis, the President of URE concluded that in two of the six above-mentioned cases there are no grounds to initiate a REMIT inspection (Article 23c para. 1 of the Energy Law Act) or to order an explanatory proceeding (Article 23p para. 1 of the Energy Law Act). The analysis of the remaining cases continues in 2023.

In 2022, nine proceedings were conducted to impose a financial penalty for failing to submit the data referred to in Article 8(1) of Regulation 1227/2011 to the Agency (ACER) within the deadline referred to in Article 7 of Commission Implementing Regulation (EU) No 1348/2014 of 17 December 2014 on data reporting implementing Article 8(2) and (6) of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency<sup>71)</sup> – Article 56 para. 1 item 40 of the Energy Law Act. One of the aforementioned proceedings in 2022 was discontinued. Eight proceedings were not concluded in 2022.

### **3.2.2. Retail market**

In 2022, out of over 17.3 million customers in the retail market (18.7 million if calculated according to energy consumption points), around 90.7% were consumers who purchase energy for household consumption (data based on a survey conducted by the President of URE among 46 DSOs). The remaining group of final customers were consumers belonging to tariff groups A, B and C. Groups A and B consist of consumers supplied from the high and medium voltage grid and are the so-called

<sup>68)</sup> REMIT.rejestracja@ure.gov.pl

<sup>69)</sup> <https://www.acer-remit.eu/portal/home>

<sup>70)</sup> <https://www.acer-remit.eu/np/home>

<sup>71)</sup> OJ L 363 of 18 December 2014, p. 121.

industrial consumers from groups A and B, while group C includes consumers connected to the low voltage grid, who use electricity for business purposes, the so-called business (commercial) consumers. Electricity consumers have the right to receive electricity in an uninterrupted and reliable manner from the supplier of the energy of their choice.

In the retail electricity market, there were five large DSOs (so-called DSOp), subject to the obligation of legal unbundling, whose networks are directly connected to the transmission network, and 182 undertakings designated as DSOs (so-called DSO), whose networks have no direct connections with the transmission network. In the case of DSO operating within the structures of vertically integrated enterprises, accounting and bookkeeping separation is required by law, as well as the obligation to separate the distribution activity conducted by the system operator from other activities not related to electricity distribution – organizational unbundling.

The supply side of the retail energy market consists of energy suppliers offering the commodity to final customers. This group includes six suppliers operating within groups, jointly with distribution system operators, but as separate legal entities. The second group consists of suppliers in entities that are also distribution system operators (in 2022, there were 183 of them), and the third is independent electricity suppliers – entities not related to distribution activity in Poland.

With regard to institutional consumers, suppliers are not obliged to submit electricity tariffs to the President of URE for approval, while tariffs for households are approved only at the request of the default supplier and with regard to those consumers who choose not to switch their supplier (sales under public obligation). However, default suppliers may – in addition to selling energy using the prices and rates specified in the tariff – present a market offer with a freely shaped price to all consumers, including all consumers in households. In the case of household consumers connected to the network of the operator on whose territory the suppliers perform the tasks of a default supplier, the choice of tariff or market offer depends on the consumer.

#### **3.2.2.1. Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition**

The extraordinary circumstances in 2022, which caused surges in prices on wholesale markets, did not leave the retail market unaffected. At the same time, it turned out that both the national energy law and the long-term policy of the President of URE of applying high requirements to the assessment of the financial viability of conducting business in electricity trading, that is, the granting of energy trading licences only to entrepreneurs with sufficient capital and the use of financial securities, spared the Polish retail energy market from a wave of large-scale bankruptcies. No less important were also the solutions of supply of last resort, which was launched efficiently and, in most cases, ensured continuity of energy supply to consumers.

All electricity suppliers selling electricity to final customers are legally obliged to publish on their websites and make information on electricity sales and terms and conditions of their application publicly available in their premises. In case of large industrial/commercial consumers, offers are presented individually by trading companies. Prices and other terms and conditions of the agreement are each time negotiated with the contractor and are different, depending on delivery time, volume and firmness of off-take.

Average electricity sale prices broken down by electricity consumption are presented in the Table below.

**Table 18.** Number of consumers, volume, value and average prices of electricity applied to final customers, broken down by consumption

Consumption	Number of consumers [items]	Volume [MWh]	Value [PLN thousand]	Average price [PLN/MWh]
< 50 MWh	18 092 064	47 173 739	23 832 842	505.21
50-2 000 MWh	34 903	30 194 886	16 662 843	551.84
> 2 000 MWh	1 077	31 761 609	17 813 710	560.86
<b>Total</b>	<b>18 128 044</b>	<b>109 130 234</b>	<b>58 309 396</b>	<b>534.31</b>

Source: On the basis of quarterly surveys from 6 largest suppliers: PGE Obrót S.A., Energa Obrót S.A., ENEA S.A., E.ON Polska S.A., Tauron Sprzedaż Sp. z o.o. and TAURON Sprzedaż GZE Sp. z o.o.

The table below presents data on electricity prices and distribution fees in Q4 2021 and 2022, for consumers with comprehensive contracts. It is worth noting that, probably due to the arrival of refugees, there was a significant increase (by 1.4%) in the number of consumers consuming less than 50 MWh of energy per year in 2022 compared to 2021, including households, and at the same time there was a decrease (by 0.032%) in the volume of energy sold in this group of consumers, the obvious reason for which is the increase in the price from 341.54 PLN/MWh in 2021 to 505.21 PLN/MWh in 2022 (that is, an increase of 47.92%). It should also be indicated that in the case of other groups of consumers, these price increases were even more substantial, with the average price for all customer categories increasing by as much as 66.54%.

**Table 19.** Electricity prices and distribution fees applicable to consumers with comprehensive contracts

Specification	Q4 2021			Q4 2022		
	Average sales price	including:		Average sales price	including:	
		Fee for electricity	Distribution fee		Fee for electricity	Distribution fee
[PLN/MWh]						
<b>Consumers in total</b>	<b>596.80</b>	<b>354.10</b>	<b>342.70</b>	<b>879.20</b>	<b>600.60</b>	<b>278.60</b>
including: consumers on HV (group A)	465.80	402.80	63.00	797.02	726.68	70.30
consumers on MV (group B)	482.70	329.30	153.40	838.20	620.80	217.39
consumers on LV (group C)	786.40	466.50	319.90	1 476.19	1 107.07	369.12
consumers of group G	594.80	325.40	269.30	736.70	442.05	294.65
including: households	603.80	330.80	273.00	755.92	453.92	302.00

Source: URE on the basis of data of the Ministry of Climate and Environment.

The average energy price for the fourth quarter of 2022, compared with the price in the same period of the preceding year, shows an increase of 69.6%, and distribution fees increased by an average of 14.8%. The energy price increases affected consumers in tariff group C the most (137.3%). For consumers in households, the price increase amounted to 37.22% on average, but it should be remembered that more than 60% of these customers use prices set in tariffs approved by the President of URE. Ultimately, from the consumer's point of view, what is important is the level of the average price at which they purchase electricity at the point of consumption (that is, the price of energy including the distribution service). In 2022, the cost of electricity supply increased by 47.32% on average, as the dynamics of the increase in distribution fees were also above average (in the household group, the increase was 10.62%, and the highest percentage was in tariff group B). Overall, in the reporting year, the energy price, distribution fees rates and the total cost of energy supply increased in all consumer groups, and their value (nominally) was at previously unobserved levels.

For suppliers offering energy to household consumers, the regulator continued to publish a summary of offers in 2022, including prices, fee rates and information on the area of validity of such offer. In this compilation, at the end of 2022, offers for households were presented by 24 electricity suppliers active in this segment, that is by 11 fewer than at the end of 2021. In the period under review, work was

continued on the concept of a new tool to meet the challenges posed by Directive 2019/944 on requirements for offer price comparison tools in European Union countries – however, there are still no options to launch this tool.

In addition, the possibility to use the list of suppliers operating on the territory of the DSO to whose network the consumer is connected, which is available on the website, is of a great convenience for a consumer selecting a supplier.

### *Supplier switching*

The total volume of electricity supplied in 2022 to final customers under market conditions, that is after the use of the TPA rule, amounted to 80,973,195 MWh, that is 54.89% of the total energy supplied to final customers. Compared to 2021, the volume of energy supplied to consumers exercising the right to switch a supplier increased by 1,123,809 MWh, and the share of this energy in the total energy supplied to consumers increased by 1.21 percentage points in this period (in 2021 it was 53.68%). The data obtained show that in 2022 the number of consumers exercising the right to switch a supplier increased by 3.62% compared to 2021, while in the group of institutional consumers (tariff groups A, B and C) this change amounted to 4.29% (some half of a percentage point less than in the previous year), and in tariff group G (including households) it was an increase by 2.85% (0.6 percentage point more than in the previous year).

The data obtained from the monitoring of the President of URE show that as at 31 December 2021, almost 60% of electricity consumers in households bought energy under contracts with approved tariffs, while the remaining ones (some 40%) bought energy with prices resulting from market offers.

In 2022, an option to purchase energy with a dynamic price was not widely offered in Poland, and price surges do not favour consumers' interest in this type of contracts. Yet, legislative and organizational work was continued to prepare for the implementation of contracts with the dynamic price.

### *Interventions*

In 2022, the President of URE received requests from consumers to intervene on issues related to the terms of contracts already concluded as well as billing and invoicing. As in 2021, consumers inquired about issues relating to the performance of contracts, including back-up supply rules. Notifications also related to problems with contract termination and the charging of sanction fees and contract assignment. Consumers also reported irregularities related to the contracting process, in particular signalling the problem of energy companies (suppliers) failing to provide full cost information when making a pre-contract offer to the consumer. With regard to billing, consumers reported problems with the accuracy of settlement, as well as timely receipt of invoices.

Enquiries about settlement rules and price setting were also numerous. Particularly numerous prosumers' notifications indicated problems related to settlement (28.7% of prosumers' notifications), contract terms (22.9% of notifications), connection to the grid, they also signalled a problem with energy quality (26.1% of notifications).

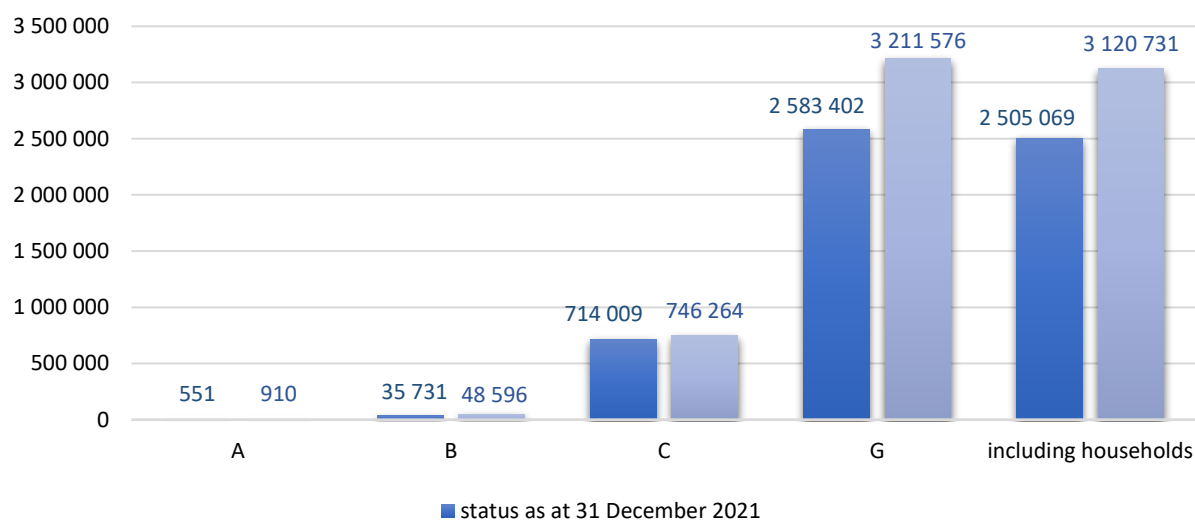
However, there was a visible decrease – compared to previous years – in the number of consumer notifications regarding the problem of unfair market practices related to electricity supplier switching, which may be related to the presumption of invalidity of the agreement concluded with a household electricity consumer off-premises, in force since July 2021, which means a *de facto* prohibition of direct sales in the so-called door-to-door formula. Complaints about actions taken by suppliers bearing the hallmarks of practices violating the collective interests of consumers by breaching the obligation to provide consumers with reliable, true and complete information and using unfair market practices or acts of unfair competition were forwarded by the President of URE to the President of the Office of Competition and Consumer Protection (UOKiK), in accordance with its competence.

Due to the dramatic increase in prices on the wholesale energy market, a worrying, albeit fortunately not widespread, phenomenon occurred in the area of the retail market where default suppliers avoided fulfilling their obligation to sell electricity to household consumers at the price resulting from the tariff approved by the President of URE. It therefore became necessary to clarify regulations concerning the tasks of suppliers being a part of vertically integrated enterprises in this regard and, due to the exceptionally difficult general economic situation and situation in the energy sector, to supplement the regulations in force with an indication of the entity that would be obliged to continue operations in the event of discontinuation of sales of electricity to final customers connected to the distribution system of a vertically integrated enterprise (e.g. as a result of that enterprise's bankruptcy). The President of URE intervened in individual cases and continued in 2022 the cyclical examination of the operation of last resort supply. The scope of the examination included information on suppliers which offered back-up supply to final customers connected to the network of DSOs and final customers for which the operator launched back-up supply and/or a designated supplier of last resort. The results of this survey are used in the current work of URE, for instance to develop a new model of supply of last resort.

### Smart metering

In 2022 DSOs continued their efforts towards full implementation of smart metering among final customers and the use of smart metering in Poland is steadily increasing. The number of smart metering systems (understood as metering systems enabling automatic collection, storage and transfer of detailed data on electricity consumption) in individual tariff groups was as follows.

**Figure 29.** Number of smart meters (by tariff group) – comparison



Source: URE on the basis of a survey.

In total, in all consumer groups, the percentage of smart metering systems in relation to the total number of these devices was 21% at the end of 2022. Further intensive development of smart metering systems, aiming at the implementation of these solutions for 80% of consumers by 2028, is provided for in the government's strategic document on Poland's energy policy and in the Energy Law Act.

### *Suspension of energy supplies*

According to the data obtained from the monitoring, supplies were suspended to 200,865 electricity consumers in 2022 (which is 1.1% of the total number of consumers), including 139,237 household consumers. The most common reason for the suspension of supplies was delay in payment for services provided, for at least 30 days after the payment deadline (and after a written notification to the energy consumers of the intention to suspend the supply of electricity and setting an additional 14-day deadline for payment of overdue and current receivables). Payment arrears were the reason for 96.06% of the cases of suspension of supplies to consumers in the group of households and 96.03% of these cases in the group of institutional consumers. In accordance with the provisions adopted in 2022, an energy company whose consumer (households only) is in arrears with its service payment shall inform about available alternatives, such as prepayment, energy audit, electricity advisory services or debt management, before stopping the supply. A summary of the scope and implementation of this obligation by suppliers, will be published after the first full year of application of these provisions.

It should be added that the procedure of suspending electricity supply to household consumers with arrears in payment for the electricity consumed and services provided, counted in business days from the moment when the supplier provided the consumer with information on arrears until the moment of suspending the supply by the DSO, was on average about 18 days in 2022.

### *Prepayment meters*

The electricity company may, in accordance with the applicable law, install a so-called prepayment meter at a final customer having difficulties with timely payment of bills. In 2022, in the Polish power system 179,935 customers in households and 1,921 customers in tariff group C used prepayment meters.

### *Ensuring access to data on energy consumption by consumers*

Pursuant to the provisions of the Energy Law Act, electricity suppliers are obliged to inform their customers about the amount of electricity consumed by these customers in the previous year and about the place where information about the average consumption of electricity for a given tariff group which these customers used is available, as well as about energy efficiency improvement measures and energy-efficient technical equipment.

In addition, an energy company providing an energy distribution service or an energy supplier which provides a comprehensive service, when issuing an invoice to the customer, should provide information on, among others, the following, in a billing attached to the invoice:

- the amount of electricity consumption in the settlement period on the basis of which the amount due was calculated,
- the manner in which the metering and settlement system was read, whether it was a physical or remote reading performed by an authorized representative of the electricity company or a reading performed and reported by a consumer,
- the manner of determining the amount of electricity consumption in a situation when the settlement period is longer than one month and when the first or last day of the settlement period does not coincide with the dates of readings of the metering and settlement system, or when during the settlement period there has been a change in prices or fee rates, or about the place where this information is available,
- the time allowed for interruptions in the supply of electricity.



### *Vulnerable consumer protection*

In Poland, the vulnerable consumer protection system is linked to the social welfare system. The financial support system provides for payment of energy allowances by municipalities to vulnerable customers who were granted housing allowance (electricity consumers) or a lump sum for the purchase of fuel (gaseous fuels consumers) and who are, respectively, a party to a comprehensive contract or contract on supply of electricity or gas fuels, and reside in the place of supplying this energy or fuels. According to the estimates of the Ministry of Climate and Environment, in 2022 energy allowance was paid out to no more than 18,100 eligible consumers, compared to 71,900 such consumers in 2021.

Such a low level of use of energy allowances in 2022 was related to the entry into force of the provisions of the Shield Allowance Act of 17 December 2021, which, in Article 15, stopped the processing of applications for energy allowance in the period from 4 January 2022 to 31 December 2023. Consequently, the energy allowance in 2022 was only available to those who had applied for it before 4 January 2022. In 2022, the shield allowance replaced the energy allowance and comprehensively protected low- and middle-income households, including vulnerable consumers, from rising electricity and gas costs, rising heating costs and price increases for basic consumer products.

In 2022, four million households benefited from the shield allowance and the total amount of support was approximately PLN 2.5 billion. In 2021, the scope of protection for vulnerable consumers was extended, with the right to file a request to the energy supplier for the application of the support programme against overdue and current debts for electricity or gas fuels or services provided. Measures undertaken by suppliers aimed at preventing suspension of supplies to such consumers (for instance through deferral of debt repayment, write-off of part of debt) are conducted as part of CSR activities.

### **3.2.2.2. Consumer protection and dispute settlement**

#### *Dispute settlement*

Pursuant to Article 8 of the Energy Law Act, the President of URE, upon a request of a party to the dispute, resolves disputes concerning refusal to conclude a grid connection contract, including those related to increasing connection capacity, sale contract, contract to provide transmission or distribution services for fuels or energy, contract to provide natural gas transport services, contract to provide storage services for gaseous fuels, contract referred to in Article 4c para. 3, contract to provide services for liquefaction of natural gas and a comprehensive contract, as well as in the event of an unjustified suspension of gaseous fuels or energy supply, refusal to connect a renewable energy installation in the first place or public transport road charging infrastructure, or a publicly accessible charging station referred to in Article 7 para. 1a, refusal to connect a microinstallation, failure to connect a microinstallation despite the expiry of the deadline referred to in Article 7 para. 8d<sup>7</sup> item 2, unjustified limitation of operation, disconnection of a microinstallation from the network or a refusal to include an amendment referred to in Article 7 para. 2a in the contract with respect to the date of the first supply to the grid. This is one of the exceptions giving the President of URE a prerogative to interfere with civil law relations of entities.

The Coordinator for Negotiations also operates with the President of URE. The Coordinator's tasks include conducting proceedings on out of court resolution of disputes between consumers of gas fuels, electricity or heat in households and energy undertakings, or between renewable energy prosumers, virtual prosumers of renewable energy or collective prosumers of renewable energy that are consumers, and energy undertakings, arisen under a contract:

- 1) on connection to the electricity or gas grid, including connection of a microinstallation,
- 2) on provision of services of transmission or distribution of electricity or natural gas,
- 3) on sales,
- 4) comprehensive contracts.



In addition, there are Municipal and District Consumer Ombudsmen in Poland, to whom consumers can complain in individual cases, including the energy-related cases. The competences of Consumer Ombudsmen comprise, among others, providing free of charge consumer advice and legal advice on the protection of consumer interests, bringing proceedings for the consumers and joining the ongoing proceedings on the protection of consumer interests upon the consumer consent.

#### *Protection of justified interests of consumers*

The President of URE has consistently reacted to irregularities signalled by consumers relating to, among others, the contracting process. To this end, and bearing in mind the provisions of Article 23 para. 2 item 14 of the Energy Law Act, the President of URE has cooperated with the President of the UOKiK by forwarding consumers' letters concerning, among others, the above-mentioned issues.

As part of its cooperation with the President of UOKiK, the President of URE also signalled its concerns regarding the practices of several electricity suppliers, consisting in setting high rates of a trade fee, of a fixed fee character, that is, independent of energy consumption, the amount of which may constitute a heavy burden for consumers. In the case of consumers consuming insignificant amounts of energy, the high share of the fixed fee means that even a significant reduction in the consumer's electricity consumption does not result in savings for the consumer.

In addition, the President of URE also undertakes remedial measures aimed at preventing the occurrence of similar problems in the future by, among others, raising consumer awareness – in this respect, the main role is played by the Energy and Gas Fuel Customers' Information Point operating at URE, whose competences include supporting consumers, mainly by providing telephone and written information on their rights, but also on their obligations in relations with energy companies.

In 2022 the President of URE also undertook information activities addressed to household consumers. As part of these activities, it published information on the URE's website on major problems leading to disputes between energy companies and household consumers of gas fuels and electricity, as well as on energy companies against which justified complaints had been filed by these consumers. These included, in particular, information on pending administrative proceedings on the revocation of electricity trading licences.

The provisions of the broadly understood energy law rarely differentiate between fuel and energy consumers, separating out household consumers. An important distinction in this respect exists in the provisions of the Energy Law Act concerning the suspension of fuel and energy supplies (Article 6b para. 1 et seq. of the Energy Law Act).

The protection of the legitimate interests of household consumers was pursued, among others, by providing consumers at risk of having their electricity supply suspended with information regarding their rights under the Energy Law Act. These explanations were provided both in written complaint proceedings as well as at meetings with consumers and by telephone. Ad hoc interventions were also undertaken with energy companies to establish the facts of the case, to settle the matter amicably, to enforce the companies' compliance with the procedures in force before the supply of fuels and energy was suspended, or to bring the positions of the parties closer together in order to avoid suspension or to achieve a rapid resumption of supply. In situations where the supply of gaseous fuels and electricity has been suspended, dispute resolution proceedings have been conducted to resolve the unjustified suspension of the supply of fuels and energy.

#### *Providing access to data on energy consumption by consumers*

Pursuant to the provisions of the Energy Law Act, suppliers of electricity or gas fuels are obliged to inform their customers of the amount of electricity or gaseous fuels consumed by these customers in the previous year and of the place where information on the average consumption of electricity or

gaseous fuels for the tariff group used by these customers is available, as well as of energy efficiency measures and energy-efficient technical equipment.

In addition, an energy company providing an energy distribution service or an energy seller providing a comprehensive service, when issuing an invoice to a customer, should provide in the settlement attached to the invoice information on, among others:

- the volume of electricity consumption in the settlement period, on the basis of which the amount due was calculated,
- the way the metering and settlement system was read, whether it was a physical reading or a remote reading performed by an authorized representative of the energy company or a reading performed and reported by the consumer,
- the method of determining the amount of electricity consumption when the settlement period is longer than a month and when the first or last day of the settlement period do not match the dates of readings of the metering and settlement system or when there is a change in prices or tariffs during the settlement period, or where this information is available,
- allowable duration of interruptions in the supply of electricity.

### *Consumer complaints*

Complaints against energy companies reported to URE by household consumers are processed by individual organizational units of URE. The range of issues raised by consumers in 2022 was very wide and the complaints were often multithreaded. The President of URE undertook actions aimed at clarifying the issues covered by the submitted complaints, which concerned such areas as:

- connection to the grid: consumers' complaints in this category mainly concerned the performance of the grid connection contract,
- metering: consumers reported problems with the operation of measuring systems, which directly affected the settlements and invoices,
- quality of supply: consumers complained about the failure to meet quality parameters; many of these complaints were filed by prosumers who complained about problems with the operation of photovoltaics, following an analysis of the complaints, it should be indicated that most of the problems were due to poor inverter settings or interference introduced by the consumers themselves,
- unfair market practices: consumers reported on the activities of electricity suppliers; these complaints mainly concerned misleading contracting. At the same time, a decrease in complaints received in 2022 in this area was observed, influenced by the statutory prohibition of the conclusion of contracts for the sale of energy and gas with household consumers outside the business premises, which was introduced in July 2021. The door-to-door sales prohibition means that energy companies can no longer conclude contracts, e.g. when a representative visits the consumer's home,
- contracts and sales: complaints reported by consumers in this category mainly concerned the performance of contracts, amendments to contracts, problems with contract termination and penalty charges. Consumers also reported irregularities related to the contracting process, in particular the problem of customer service agents (salespeople) failing to provide the consumer with full information on the costs involved and additional services included in a contract when making an offer,
- starting supply or resumption of supply after interruption: the complaints filed by consumers in this category mainly concerned resumption of supply after interruption and the fee for resumption of supply,
- suspension of supplies due to non- or late payment: in this category, consumers complained about the companies' failure to comply with the procedure of suspension of supply, in particular the failure to inform the household consumer of their intention to suspend supply,

- invoice/bills issued and debt recovery: consumers reported problems related to the correctness of settlement and basis for invoice adjustment,
- price/tariff: consumers complained about wrong tariff group qualification and complained about utility prices and rates,
- compensation: consumers asked for help in getting compensation from energy companies,
- supplier switching: consumers complained about problems with the entry into force of the new contract after the supplier switching and timeliness of settlements with the old supplier,
- customer service: in this category, complaints most often concerned the timeliness of response to complaints or problems with establishing telephone contact with the energy company (complaints made by phone),
- microgeneration/prosumption: the notifications from prosumers mainly concerned problems related to grid connection, contract conclusion and settlement. Consumers holding microinstallations also reported problems with electricity parameters.

**Table 20.** Complaints against energy companies filed with URE by household consumers

Complaint type	Electricity	Gas
Connection to the grid	429	300
Metering	254	58
Quality of supply	603	9
Unfair commercial practices	0	1
Contracts and sales	105	6
Starting supply or resumption of supply after interruption	62	8
Suspension of supplies due to non- or late payment	12	4
Invoicing/billing and debt recovery	34	3
Price/ tariff	28	10
Compensation	18	3
Supplier switching	6	0
Customer service	116	6
Microgeneration/prosumption	417	1
other	61	3

Source: URE own materials.

### *Obstacles and constraints to developing the consumption of self-generated electricity and citizen energy communities*

The most significant area of the energy market where self-consumption of electricity generated from renewable energy sources occurs is prosumer energy<sup>72)</sup>. Over the period 2018–2022, an increase in the total installed electrical capacity of prosumer installations was recorded from 0.35 GW to more than 9.3 GW, while the number of prosumers increased from 51,000 to more than 1,213,000 over the period<sup>73)</sup>. In 2022, there was a significant change in the way electricity generated by prosumers is settled. Previously, the electricity produced from a photovoltaic installation was billed through its “balancing” with the electricity consumed during the settlement period (net-metering) and the surplus energy produced could be billed within 12 months. In the net-metering system, the electricity grid acted as a kind of energy storage. Prosumers who reported connecting their micro-installation after 31 March 2022 were still billed under the old rules for a transitional period of three months. As of 1 July 2022, these prosumers will be subject to a new system, the so-called net-billing, which consists

<sup>72)</sup> Prosumer – a consumer producing electricity exclusively from renewable energy sources for his/her own use in a micro-installation (a RES installation with a total installed capacity of no more than 50 kW), provided that, in the case of a final customer who is not a household consumer of electricity, this does not constitute the object of his/her main economic activity.

<sup>73)</sup> As at the date of this Report, the number of prosumers is estimated to be over 1.3 million.

in billing the surplus energy fed into the grid according to the average market price of energy from the previous calendar month and, as of 1 July 2024, using dynamic tariffs, that is, hourly prices. An important feature of the new billing system applied to prosumer energy is the increased role of self-consumption of generated electricity.

As a result of the rapid development of prosumer energy in recent years, a number of phenomena have occurred due to difficulties in the area of micro-installation capacity integration in the national electricity system. The current situation is caused by insufficient symmetry in the assessment of the development potential of prosumer installations in relation to the solutions introduced into the national legal order, which has consequently given rise to the need to amend the prosumer energy regulations, significantly modifying the nature of this instrument. The underlying issue is the possibility of increasing the flexibility of the electricity system and improving functionality in terms of control, network management, as well as the automation of processes related to the operation of electricity networks.

Another organizational form allowing the use of generated electricity for own consumption, as provided for in the RES Act, is the energy cooperative. Although the definition of an energy cooperative was introduced in the RES Act already in 2016, and the provisions currently regulating energy cooperatives were introduced in 2019, only two cooperatives have been registered so far. From their experience, the main challenge is the creation of the cooperative itself and the associated responsibilities, such as:

- determination of the initial composition and generating capacity of the cooperative so as to meet the statutory requirements for registration and to balance energy production and consumption,
- development and adoption of rules for energy trading within the cooperative (bylaws),
- establishment of a development plan, including policy and rules for the admission of new members,
- negotiation of a contract between the cooperative and the DSO,
- development and implementation of an investment plan,
- management of the cooperative.

The provisions of the RES Act also include a definition of an energy cluster, understood as a civil law agreement involving entities with different legal and organizational statuses, such as: natural persons, legal persons, universities, scientific and research institutes, local government units, concerning the production and balancing of demand, distribution or trade in energy from renewable energy sources or from other sources or fuels, in a limited area of operation. This type of interaction in the area of dispersed energy is finding increasing recognition, contributing to its development at the local level.

Work is currently underway to introduce into the national legal system the institution of a citizen energy community and an active consumer.

The development of dispersed energy, including prosumer energy, is completely changing the nature of the distribution sector. So far, the activities of distribution system operators have been focused mainly on ensuring the reliability of energy supply, that is, primarily on technical aspects. EU law, however, creates a new regulatory environment that positions DSOs in the role of market facilitator and their efficiency will largely determine the continued functioning of the market. This also applies to new initiatives such as citizen energy communities or aggregators offering services to reduce electricity consumption by consumers. Distribution companies should support the development of all forms of communities, societies and clusters, as only a well-managed citizen energy industry will be able to support the national electricity system.

This is undoubtedly a major challenge for the sector – both technically, in terms of investment and organization. It is therefore necessary to create system solutions that ensure that the connection of sources to the grid and the feed-in of energy is not limited by technical or commercial barriers. Market integration should include renewable energy generators, new energy service providers, energy storage and flexible off-take. Flexibility services will also play an increasingly important role, which, if designed in the right way, will allow both consumers and new market actors, including flexumers (generators providing flexibility services to the distribution grid through e.g. energy storage) to participate in the energy transition.

In conclusion, it should be highlighted that the identification and analysis of barriers to the development of dispersed energy, including both the prosumer sector and clusters and energy cooperatives, makes it possible to distinguish four main areas where these barriers are located, namely the following:

- 1) economic and financial, where the following barriers can be identified:
  - monopolistic position of power grid owners and lack of regulations requiring DSOs to cooperate in the creation of energy communities;
  - high cost of stabilizing the power system containing RES installations, caused by the lack of regulations supporting local balancing solutions,
- 2) legislative-regulatory, where the following barriers can be identified:
  - not fully implemented legal regulations on dispersed energy, and existing legal regulations not fully responding to the needs of stakeholders or raising interpretation doubts;
  - complicated and lengthy procedures related to the preparation and implementation of the investment process in the RES sector;
  - long-lasting lack of implementing regulations governing the functioning and settlement rules of energy cooperatives;
  - lack of regulations sufficiently motivating the energy transition based on a broadly understood citizen energy and the introduction of such regulations that do not translate into actual business models;
  - uncertainty for investors due to regulatory instability,
- 3) socio-cultural, where the following barriers can be identified:
  - lack of widespread knowledge and education on energy management and modern technical solutions;
  - limited local organizational capital (e.g. insufficient specialized know-how on dispersed energy at the level of local self-government units, personnel shortages);
  - unawareness of the technical and economic benefits of RES installations or collective actions in energy management,
- 4) technical-technological, where the following barriers can be identified:
  - unsatisfactory technical condition of the energy infrastructure (in particular the distribution networks), requiring significant investment in modernization;
  - insufficient level of monitoring of the condition and operation of electricity networks, lack of real-time energy balancing, too long data aggregation interval;
  - insufficient level of network controllability, low level of solutions increasing network flexibility (e.g. smart grid solutions), including systems increasing the possibility of connecting new sources and improving the quality of energy supply.

These barriers should first be addressed in the process of creating legal regulations aimed at promoting the use of electricity generated by consumers.

## 4. NATURAL GAS MARKET

### 4.1. Network regulation

#### 4.1.1. Network and LNG tariffs for connection and access

Gas enterprises with licences for the transmission, distribution, storage of gas fuels, natural gas liquefaction or regasification of liquefied natural gas conduct the above-mentioned activities based on tariffs approved by the President of URE.

A prerequisite for the approval of the tariff is its compliance with the provisions of the Energy Law Act and the executive acts to this Act, including in particular the Gas Tariff Ordinance.

In the tariff approval administrative proceedings, the President of URE thoroughly analyses the costs which form the basis for calculating the rates of fees, ensuring that there are no cross-subsidies between the licensed and non-licensed activities and between the various types of licensed activities. The basis for the assessment of costs accepted for the calculation of tariffs are the data included in the financial statements. Due to the structure of the Polish gas sector, comparative analyses are used to a limited extent.

Tariffs approved by the President of URE are published in the URE Bulletin within 14 days of the date of approval. Gas companies introduce tariffs for application not earlier than after 14 days and not later than 45 days of the date of their publication, while energy companies engaged in the transmission of gas fuels introduce the tariff for application within the deadline set by the President of URE in the decision to approve the tariff, not earlier than 14 days after its publication in the URE Bulletin.

The decision of the President of URE approving or refusing to approve the company's tariff may be appealed from to the District Court in Warsaw – the Competition and Consumer Protection Court, via the President of URE, within two weeks of the date of its delivery.

Undertakings dealing with the transmission or distribution of gas fuels are required to conclude an agreement for connection to their network with entities applying for connection on a non-discrimination basis, if there are technical and economic conditions for connection and delivery of these fuels, and the contracting party meets the conditions of connection to network and off-take. For connection to the gas transmission network a fee is charged in the amount corresponding to the actual expenses incurred for the implementation of the connection.

Entities whose devices, installations and networks are connected to low, medium, higher and high-pressure networks, pay a fee determined on the basis of rates calculated by the distribution network operators and contained in their tariffs approved by the President of URE. These rates shall be calculated on the basis of  $\frac{1}{4}$  of the annual average investment expenditure for the construction of the sections serving to connect these entities, as defined in the development plan drawn up by the distribution system operator.

The key infrastructure companies in the gas sector include:

- OGP Gaz-System S.A. – transmission system operator and LNG regasification system operator,
- EuRoPol Gaz S.A. – transit gas pipeline owner,
- PSG Sp. z o.o. – distribution system operator,
- Gas Storage Poland Sp. z o.o. – storage system operator.

### Tariff of OGP Gaz-System S.A.

In 2022, in settlements for gaseous fuel transmission services provided by OGP Gaz-System S.A., Tariff No. 15 was applied, approved by the decision of the President of URE of 2 June 2021 for the period from 1 January 2022 to 31 December 2022.<sup>74)</sup>

The tariff was approved within the time limit arising from the provisions of Article 29 and Article 32(a) of the TAR NC. According to these provisions, the publication of, among others, the transmission fee rates for the upcoming gas year (2021/22) should take place no later than 30 days before the annual yearly capacity auction. On the other hand, according to Article 11(4) of the CAM NC, the annual yearly capacity auction shall commence on the first Monday of July of each year.

By decision of 11 May 2022<sup>75)</sup> an amendment to Tariff No. 15 was approved, consisting in adjusting its provisions concerning the rules for determining the amount of the fee for connection to the transmission

<sup>74)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 39/2440 (URE Industry Bulletin – Gaseous Fuels no. 39/2440), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/paliwa-gazowe/4007,Taryfy-opublikowane-w-2021-r.html>

<sup>75)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 40/2557 (URE Industry Bulletin – Gaseous Fuels no. 40/2557), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/paliwa-gazowe/4192,Taryfy-opublikowane-w-2022-r.html>



network to the amended provisions of the Energy Law Act and in updating the amount of discounts for failure to meet quality standards of service to users, in connection with the announcement on 9 February 2022 by the President of the Central Statistical Office of the amount of the average remuneration in the national economy in 2021. According to the company's information, the tariff amendment was introduced for application as of 1 June 2022.

By decision of 6 July 2022<sup>76)</sup> a further amendment to Tariff No. 15 was approved, consisting in updating the tariff rates for gas fuel transmission services provided due to an increase in the costs of purchasing gas for own use, electricity and CO<sub>2</sub> emission allowances compared to the projected values of these costs adopted for the tariff calculation. According to the Operator, the tariff amendment was introduced for application as of 22 July 2022.

The tariff calculation has taken into account the provisions of the decision of the President of URE dated 29 March 2019, approving the *Method of determining reference prices No 1/OGP with respect to the own transmission network of the Gas Transmission Operator Gaz-System S.A. for the period: from 1 January 2020 to 31 December 2022*, constituting an annex to this decision<sup>77)</sup> and *Announcement No. 11/2021 on the level of multipliers, seasonal factors and discounts referred to in Article 28(1)(a)-(c) of the Tariff Code, taken into account in the calculation of tariffs for gaseous fuel transmission services for the period from 1 January 2022 to 31 December 2022*<sup>78)</sup>, issued on the basis of the TAR NC Regulation.

At the same time, on the basis of the provisions of Chapter IV of the TAR NC, during the administrative proceedings the regulatory account balance as at 31 December 2020 was reconciled in the amount of PLN 184,945 thousand. This amount consisted of the surplus of the regulated revenue in the amount of PLN 64,644 thousand generated by the Operator in 2020 and the unsettled balance of the regulatory account set at 31 December 2019 in the amount of PLN 120,301 thousand, referred to in the decision of 5 June 2020 approving the tariff for 2021. The value of the surplus for 2020 results from the difference between the planned value of the revenue allowed for 2020, which is the basis for the calculation of the tariff for that year, and the actually achieved revenue from regulated activities as shown in the company's 2020 financial statements. A positive value of this difference implies an over-recovery of transmission services revenue by the Company.

In the calculation of Tariff No. 15 (for 2022), that is, when determining the revenues covering the justified costs for the economic activity of gas fuel transmission performed, the regulated revenue was not reduced by the balance of the regulatory account determined as at 31 December 2020. Bearing in mind the principles of considering the balance of the regulatory account in the calculation of transmission tariffs indicated in Article 17(1) of the TAR NC and the significant scope of investments implemented by the Operator in 2021–2023 – of a strategic nature, with a direct impact on Poland's energy security – it was assumed that the balance of the regulatory account would be used in the calculation of tariffs for subsequent years. The rationale behind this approach was to limit excessive increases in tariff rates in subsequent years, which will be associated with the commissioning of transmission system's investments.

By decision of 3 June 2022 the President of URE approved the *Tariff for Gas Fuel Transmission Services No. 16* for the period from 1 January 2023 to 31 December 2023<sup>79)</sup>. At the same time, by this decision, the balance of the regulatory account as at 31 December 2021 was reconciled by establishing the level of over-recovered transmission service revenues in the amount of PLN 265,764 thousand, of which an amount of PLN 184,945 thousand was included in the tariff calculation for 2023.

---

<sup>76)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 66/2583 (URE Industry Bulletin – Gaseous Fuels no. 66/2583), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/paliwa-gazowe/4192,Taryfy-opublikowane-w-2022-r.html>

<sup>77)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 32/1226 (URE Industry Bulletin – Gaseous Fuels no. 32/1226), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/inne-decyzje-informacj/3777,Inne-decyzje-informacje-sprawozdania-opublikowane-w-2019-r.html>

<sup>78)</sup> <https://www.ure.gov.pl/pl/biznes/taryfy-zalozenia/mnozniki-wspolczynniki-2/9090,Rynek-gazu-Konsultacje-Prezesa-URE-dotyczace-wskaznikow-do-przesylowych-taryf-ga.html>

<sup>79)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 54/2571 (URE Industry Bulletin – Gaseous Fuels no. 54/2571), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/paliwa-gazowe/4192,Taryfy-opublikowane-w-2022-r.html>



The remaining balance of the regulatory account in the amount of PLN 80,819 thousand will be included in the calculation of tariffs for subsequent periods.

The tariff established by OGP Gaz-System S.A. ensured the coverage of the planned costs, together with a reasonable return on the capital employed. This tariff was calculated in accordance with the requirements of the TAR NC and the Gas Tariff Ordinance.

The tariff calculation has taken into account the provisions of the Decision of the President of URE of 31 March 2022 approving the *Method of determining reference prices No. 2/OGP with respect to the own transmission network of the Gas Transmission Operator Gaz-System S.A. for the period: from 6.00 am of 1 January 2023 to 6.00 am of 1 January 2025*, constituting an attachment to this decision<sup>80)</sup> and *Information of the President of URE No. 11/2022 on the level of multipliers, seasonal factors and discounts referred to in Article 28(1)(a)-(c) of the Tariff Code, taken into account in the calculation of tariffs for gaseous fuel transmission services for the period from 1 January 2023 to 31 December 2023*<sup>81)</sup>.

This tariff comprises transmission fee rates for annual firm transmission services of gaseous fuels provided at the entry and exit points to/from the transmission system (for high-methane natural gas – group E and nitrogenous natural gas – group L, subgroup Lw), including for high-methane natural gas also at entry points and exits from/to underground gas storage facilities.

On the other hand, the reserve prices for standard capacity products for interruptible capacity<sup>82)</sup>, in accordance with the provisions of the above referenced Information No. 11/2022, will be calculated by multiplying the reserve for standard capacity products for firm capacity by the difference between 100% and the ex-ante discount level:

- 6% for annual, quarterly, monthly, daily and intraday capacity products for E gas offered at interconnection points with EU member states and with third countries,
- 2% for annual, quarterly, monthly, daily and intraday capacity products for E and L gas offered at internal entry/exit points.

In this method, the reserve price for the interruptible capacity product (including the above discount) is used in settlements with the transmission system user regardless of the actual occurrence of capacity limitation at the point in question. In the event of an interruption, the user does not receive an additional discount/bonus.

The ex-ante discount will not be applied to virtual reverse flow services, to which a factor of 0.2 (discount of 80%) is applied pursuant to §14 of the Gas Tariff Ordinance. Nevertheless, in connection with Article 16 of the NC TAR, this factor (and thus the 80% discount) may only be applied to interruptible capacity products.

In the case of provision of both firm and interruptible gas fuels transmission services in periods shorter than one year, correction factors determined in the tariff, appropriate for the given product for the scope of transmission capacity (quarterly, monthly, daily and intraday) are applied in settlements.

In addition, in the calculation of Tariff No. 16 (for 2023), compression services and pressure reduction services were separated from the activity of gas fuel transmission. The basic purpose of separating these services was to eliminate excessive cross-subsidisation between groups of customers using and not using additional services. Until now, all the costs of pressure reduction services and part of the costs related to the compression services of gas fuels were borne by all users of the transmission system, regardless of the actual use of these services.

Compression services will be offered by the Operator at the request of the user at selected entry points to the transmission system, in particular for the injection of gaseous fuel from local natural gas mines.

---

<sup>80)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 39/2556 (URE Industry Bulletin – Gaseous Fuels no. 39/2556), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/inne-decyzje-informacyj/4193,Inne-decyzje-informacje-sprawozdania-opublikowane-w-2022-r.html>

<sup>81)</sup> <https://www.ure.gov.pl/pl/biznes/taryfy-zalozenia/mnozники-wspolczynniki-3/9723,Rynek-gazu-konsultacje-dotyczace-rabatow-mnozownikow-i-wspolczynnika-wspolczynnikow-sezonowych-d.html>

<sup>82)</sup> In accordance with the definition in Article 2(1)(3) of Regulation 715/2009, capacity means the maximum flow, expressed in normal cubic meters per time unit or in energy unit per time unit to which the network user is entitled in accordance with the provisions of the transmission contract.

The monthly compression service charge will be the sum of two components:

- a fixed subscription fee determined on the basis of the fixed costs of the compression service for a given gas compressor station [PLN/month],
- a variable fee constituting the product of:
  - the volume of gas consumed to drive the compressors at a given compressor station for the part of the gas compression service provided [kWh];
  - gas reference price (GRP) for the high-methane gas balancing area, defined as the price constituting the weighted average price of the gaseous fuel purchased by the Operator in the gas month preceding the month in which the GRP will be published [PLN/kWh].

Gas pressure reduction services will be provided by the Operator at the technological installations installed at the exit points from the transmission system to reduce the gas pressure to medium or low pressure, at the point of connection of the gas station with the installation of the customer connected to the transmission system or the connection of the distribution network.

Thanks to this service, cross-subsidization of customers in need of gas pressure reduction service to medium or low pressure by:

- customers who have their own pressure reduction stations, and
  - customers who do not need an additional pressure reduction service
- will be limited.

The introduction of this service will result in the costs associated with, among others, the operation and repair of the reduction and measurement stations being borne by the users of these services. In the previous tariffs, these costs were included in the calculation of the fee rates for the transmission of gaseous fuels and thus borne jointly and severally by all users.

In the tariff for 2023, the share of revenue obtained from fixed fees, for both high-methane and nitrogenous gas, was 100%. The distribution of revenue between entry and exit points adopted in the tariff calculation corresponds to a proportion of 50/50. Rates at entry points to and exit points from storage facilities have been applied with an 80% discount, that is they amount to 20% of the transmission rates at entry points to and exit points from the high-methane natural gas transmission network other than storage facilities. At the entry point to the transmission system from the LNG terminal, a discount of 100% has been applied, resulting in no fees for gas introduction into the transmission system at this point.

By decision of 15 December 2022<sup>83)</sup> an amendment to Tariff No. 16 was approved, consisting in updating the fee rates for provided transmission services, compression services and pressure reduction services of gas fuels due to an increase in the costs of purchasing gas and electricity for own needs and an increase in own costs depending on the increase in the average annual dynamics of prices of consumer goods and services, compared to the forecast values adopted for the tariff calculation.

### **Tariff of PSG Sp. z o.o.**

In 2022 the President of URE conducted two administrative proceedings with regard to the approval of tariffs set by the energy company – PSG Sp. z o.o, namely the country's largest operator providing gas fuel distribution services.

By decision of 17 August 2022 the President of URE approved the amendment to Tariff No. 10. The tariff amendment was implemented on 1 September 2022, resulting in an approximately 2.6% increase in the average distribution rate for high-methane and nitrogenous natural gas customers compared to the previous tariff.

Next, on 17 December 2022 the President of URE approved and published another tariff of PSG Sp. z o.o. (Tariff No. 11), the validity of which was set to 31 December 2023. The tariff in question was

---

<sup>83)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 131/2648 (URE Industry Bulletin – Gaseous Fuels no. 131/2648), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/paliwa-gazowe/4192,Taryfy-opublikowane-w-2022-r.html>

implemented on 1 January 2023 and resulted in an increase in the average distribution service charge of approximately 21%.

It is significant that, in accordance with the Act of 15 December 2022, in settlements with gas customers referred to in Article 62b para. 1 item 2 of the Energy Law Act, PSG Sp. z o.o. applies in 2023 the distribution service fee rates at the level of distribution rates from the last tariff applied in 2022.

### **Tariff of Gas Storage Poland Sp. z o.o.**

In 2022, the following tariffs applied to settlements with contracting entities for gas fuel storage services:

- *Amendment No. 3 to the Tariff for gas fuel storage services No. 1/2021* approved by the decision of the President of URE of 17 December 2021, published in the URE Industry Bulletin – Gaseous Fuels No. 109 (2510),
- *Tariff for gas fuel storage services No. 1/2022* approved by decision of the President of URE of 20 May 2022, published in URE Industry Bulletin – Gaseous Fuels No. 49 (2566),
- *Amendment No. 1 to the Tariff for gas fuel storage services No. 1/2022* approved by the decision of the President of URE of 22 July 2022, published in the URE Industry Bulletin – Gaseous Fuels No. 71 (2588),
- *Amendment No. 2 to the Tariff for gas fuel storage services No. 1/2022* approved by the decision of the President of URE of 12 September 2022, published in URE Industry Bulletin – Gas Fuels No. 89 (2606).

The introduction of the *Tariff for Gas Fuel Storage Services No. 1/2022* resulted in an increase in the average fee rate for services offered on a firm basis by 7.57% and an increase in the average fee rate for services offered on an interruptible basis by 0.81%. In Tariff No. 1/2022, the total capacity of storage facilities, compared to the capacity assumed for the calculation of Tariff No. 1/2021, increased in connection with the expansion of the KPMG Kosakowo by 60.3 million m<sup>3</sup>, that is, to 3 230.62 million m<sup>3</sup>. As a result, the number of available units increased by 2 781, that is, to 175,020. The working volume per unit remained at – 200 MWh. Compared to the range of storage services provided during the period of application of Tariff No. 1/2021, storage service 90/40 was removed from the offer, due to lack of interest in such a service.

The first amendment to the tariff for storage services was related to an increase in the cost of purchasing transmission services at the entry to and exit from the transmission system to storage facilities – caused by a change in OGP Gaz-System S.A.'s tariff. The average rate for storage services increased by 2.65% compared to the payments determined on the basis of Tariff No. 1/2022.

The reason for the subsequent amendment of Tariff No. 1/2022 (approved in September 2022) was the increase in the cost of purchasing gas for Gas Storage Poland Sp. z o.o.'s own needs and the implementation of the amended legislation on the maintenance of mandatory gas stocks, which consisted in extending the maximum time for the delivery of gas stocks from storage facilities to the gas system from 40 to 50 days. In order to implement the amended legislation, the Storage System Operator proposed to reclassify some interruptible services to firm services with a simultaneous reduction in the value of withdrawal/injection capacity – assigned to the unit. The adjustment of the storage tariff to the amended provisions on maintaining mandatory stocks was cost-neutral for users, but due to the increase in the cost of gas purchases, the average rate for storage services increased by a further 2.37%.

By decision of the President of URE of 4 January 2023, Amendment No. 3 of the Tariff for gas fuel storage services No. 1/2022 was approved. The rationale for the amendment was the increase in the purchase costs of transmission services at the entry to and exit from storage facilities, resulting from the approval on 15 December 2022 of an amendment to OGP Gaz-System S.A.'s tariff, effective in 2023. The tariff amendment became effective on 20 January 2023. The average rate for storage services increased by a further 5.91%.

### **OGP Gaz-System S.A. – tariff for LNG regasification services**

As of 1 January 2022, in settlements for LNG regasification services and additional services provided by the Operator<sup>84)</sup> of the Lech Kaczyński LNG Terminal in Świnoujście Tariff No. 7, approved by decision of the President of URE of 17 December 2021 for the period from 1 January 2022 to 31 December 2022 was applied<sup>85)</sup>.

By decision of 16 December 2022<sup>86)</sup> the President of URE approved Tariff No. 8 for LNG regasification services for the period from 1 January 2023 to 31 December 2023.

The approval of Tariff No. 8 resulted in a 25.1% increase in the average rate for regasification services compared to the average rate calculated under the tariff in force (for the value of the contractual capacity and the quantity of gas after regasification adopted for the calculation of the approved tariff), while the rate for LNG reloading onto tanker trucks increased by 31.5%. These increases were due to an increase in the cost of purchasing electricity and natural gas for own use and an increase in the cost of insurance and CO2 emission allowances.

In Tariff No. 8, similarly as in the previous tariff, fee rates (fixed and variable) were determined for bundled regasification services of liquefied natural gas covering: unloading LNG from a tanker, in-process storage in tanks, regasification and delivery of gas fuel to the transmission system as well as fee rates for LNG reloading services on tank trucks. LNG regasification services may be provided as long-term services – for a period longer than one year and short-term services – for a period of at least one gas day. In addition, the tariff includes fee rates for unbundled services, that is: unbundled in-process LNG storage and unbundled regasification contractual capacity, which will be provided in addition to bundled services.

The calculation of the Company's tariff was performed on the basis of the planned annual operating costs together with a justified return on equity, based on the so-called 'gas-in-kind' principle, according to which the Operator does not include in its tariff the cost of purchasing gas consumed in the regasification process. This cost is borne directly by the Party ordering the Regasification Service, accepting the fact that it receives less gas from the Terminal (in MWh) than it injects into it (in MWh).

### **OGP Gaz-System S.A. – tariff for the transmission of gas fuels through the Polish section of the Yamal-Europe Transit Gas Pipeline System for 2023**

In 2022, the tariff for the transmission of gas fuels on the Polish section of the Yamal – Europe Transit Gas Pipeline System [Yamal Pipeline] was for the first time prepared and submitted for approval to the President of URE by the energy company designated as the transmission system operator on this pipeline, namely OGP Gaz-System S.A. Previously, these activities were performed by the energy company that owns the Yamal-Europe Transit Gas Pipeline System (TGPS), namely SGT EuRoPol GAZ S.A.

By decision of 29 August 2022 the President of URE established the content of the Agreement on entrusting the obligations of the transmission system operator on the aforementioned pipeline between the TGPS Owner and OGP Gaz-System S.A. Pursuant to Article 9h para. 3g of the Energy Law Act, this Agreement binds the TGPS Owner and the TGPS Operator from 1 January 2023 until the end of the validity period of the decision on the designation of OGP Gaz-System S.A. as the Operator on the aforementioned gas pipeline. On the other hand, Article 47 para. 1aa of the Energy Law Act stipulates that the gas transmission system operator designated on a gas transmission network not

---

<sup>84)</sup> On 31 March 2021, a merger took place between OGP Gaz-System S.A. and Polskie LNG S.A. by acquisition – under Article 492 § 1(1) of the Act of 15 September 2000. – Code of Commercial Partnerships and Companies, with OGP Gaz-System S.A. being the acquiring company and Polskie LNG S.A. being the acquired company. Until then, the tariff was calculated by Polskie LNG S.A. (a 100% subsidiary of OGP Gaz-System S.A.).

<sup>85)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 110/2511 (URE Industry Bulletin – Gaseous Fuels no. 110/2511), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/paliwa-gazowe/4007,Taryfy-opublikowane-w-2021-r.html>

<sup>86)</sup> Biuletyn branżowy URE – Paliwa gazowe nr 135/2652 (URE Industry Bulletin – Gaseous Fuels no. 135/2652), <https://bip.ure.gov.pl/bip/taryfy-i-inne-decyzje-b/paliwa-gazowe/4192,Taryfy-opublikowane-w-2022-r.html>

owned by it shall establish tariffs for gas fuels for that network, which shall be subject to approval by the President of URE, and propose their duration. The operator shall submit the tariffs for that network and their amendments to the President of URE on its own initiative not later than nine months before the expiry of the previous tariff period or at the request of the President of URE.

The tariff for the transmission of gas fuels by the Polish section of the Yamal-Europe Transit Gas Pipeline System for 2023 has been prepared on the basis of the Reference Price Determination Methodology No. 2/SGT for the transmission network owned by the energy company SGT EuRoPol GAZ S.A. and takes into account the arrangements for the level of multipliers, seasonal coefficients and discounts resulting from the President of URE's Announcement No. 11/2022 in this regard. The level of multipliers for short-term services and discounts applied in the case of interruptible service has not changed in relation to the 2022 tariff.

According to the above-mentioned method, two likely gas flow scenarios were assumed for the tariff calculation: Mallnow entry – PWP exit (physical flow, which is actually realized) and virtual transmission PWP entry – Mallnow exit.

On 16 May 2020, the so-called historic contract with OOO Gazprom Export came to an end, and from 27 April 2022, Gazprom Export completely stopped gas supplies to Poland from the eastern direction. Due to the fact that the Transit Gas Pipeline System is currently used neither for importing gas to Poland from the eastern direction nor for transit of gas from east to west, the tariff sets fee rates for three points: PWP exit, Mallnow entry and Mallnow exit (no rates at the Kondratki point).

### Monitoring access conditions to storage, linepack and to other ancillary services

In Poland, the activity in the field of gas storage is conducted by one entity, that is Gas Storage Poland Sp. z o.o. with its registered office in Dębogórz. This company is a natural gas storage system operator (SSO) and provides storage capacities in the following installations and installation groups:

- Group of Storage Facilities Kawerna (GSF Kawerna), including cUGS Mogilno and cUGS Kosakowo (cUGS – cavern Underground Gas Storage),
- Group of Storage Facilities (GSF Sanok), including UGS Husów, UGS Strachocina, UGS Swarzów and UGS Brzeźnica,
- UGS Wierzchowice Storage Facility.

### Parameters of storage installations in 2022

**Table 21.** Storage working volume

Storage installation group /Storage installation	Working volume					
	until 19.01.2022	from 20.01.2022 to 13.03.2022	from 14.03.2022	to 19.01.2022	from 20.01.2022 to 13.03.2022	from 14.03.2022
	[million m <sup>3</sup> ]			[GWh]		
GSF Kawerna	cUGS Mogilno	824.8	885.1 <sup>a)</sup>	880.62 <sup>b)</sup>	9 190.7	9 813.1
	cUGS Kosakowo					
	UGS Husów					
GSF Sanok	UGS Strachocina		1 050.0		11 868.2	
	UGS Swarzów					
	UGS Brzeźnica					
	UGS Wierzchowice Storage Facility		1 300.0		14 729.0	

a) The dates of the changes result from the Decision of the President of URE issued on 20 January 2022 regarding the change in the designation of the working volume of the cUGS Kosakowo from 239.4 million m<sup>3</sup> to 299.7 million m<sup>3</sup>, that is, an increase in working volume by 60.3 million m<sup>3</sup>,

b) The dates of the changes result from the Decision of the President of URE issued on 14 March 2022 regarding the designation of the working volume of the cUGS Mogilno from 585.4 million m<sup>3</sup> to 580.92 million m<sup>3</sup>, that is, a reduction in working volume by 4.48 million m<sup>3</sup>.

Source: Gas Storage Poland Sp. z o.o.



**Table 22.** Maximum injection capacities and maximum withdrawal capacities to/from storage facilities

Storage installation group /Storage installation	Maximum injection capacity		Maximum withdrawal capacity		
	from 00:00 of 1.01.2022 to 24:00 of 31.12.2022				
	[m <sup>3</sup> /h]	[MWh/h]	[m <sup>3</sup> /h]	[MWh/h]	
GIM Kawerna	Storage installation KPMG Mogilno	500 000	5 571,00	1 150 000	12 815,00
	Storage installation KPMG Kosakowo				
GIM Sanok	Storage installation PMG Husów				
	Storage installation PMG Strachocina	384 667	4 325,42	478 750	5 379,76
	Storage installation PMG Swarzędów				
	Storage installation PMG Brzeźnica				
	Storage installation PMG Wierzchowice	400 000	4 480,00	600 000	6 600,00

Source: Gas Storage Poland Sp. z o.o.

In 2022 Gas Storage Poland Sp. z o.o. did not have storage capacities exempted from third-party access, under decisions of the President of URE issued pursuant to Article 4i of the Energy Law Act (exemptions from the TPA principle for new infrastructure).

In 2022, Gas Storage Poland Sp. z o.o. offered storage capacity by application:

1. **on a firm basis**, under the Long-Term Storage Service (SS), in the form of bundled units, flexible units or unbundled SS in:

**1.1. UGS Wierzchowice Storage Facility** in the amount of:

- 1.1.1. up to **4635** bundled units, or flexible units or unbundled SS and covering up to 927,000 MWh of working volume, up to 384.705 MWh/h of Injection Capacity and up to 1223.640 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2022/2023 commencing at 6.00 a.m. on 15 April 2022 until the end of the Storage Year 2025/2026 ending at 6.00 a.m. on 15 April 2026,
- 1.1.2. up to **39 bundled units**, or flexible units or unbundled SS and covering up to 7,800 MWh of working volume, up to 3.237 MWh/h of Injection Capacity and up to 10.296 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2022/2023 commencing at 6.00 a.m. on 15 April 2022 until the end of the Storage Year 2023/2024 ending at 6.00 a.m. on 15 April 2024.

**1.2. GSF Kawerna** in the amount of:

- 1.2.1. up to **1980 bundled units**, or flexible units or unbundled SS and covering up to 396,000 MWh of working volume, up to 295.020 MWh/h of Injection Capacity and up to 679.140 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2022/2023 commencing at 6.00 a.m. on 15 April 2022 until the end of the Storage Year 2025/2026 ending at 6.00 a.m. on 15 April 2026,
- 1.2.2. up to **633 bundled units**, or flexible units or unbundled SS and covering up to 126,600 MWh of working volume, up to 92.418 MWh/h of Injection Capacity and up to 185.469 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2022/2023 commencing at 6.00 a.m. on 15 April 2022 until the end of the Storage Year 2025/2026 ending at 6.00 a.m. on 15 April 2026,
- 1.2.3. up to **5 bundled units**, or flexible units or unbundled SS and covering up to 1000 MWh of working volume, up to 0.745 MWh/h of Injection Capacity and up to 1.715 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2022/2023 commencing at 6.00 a.m. on 15 April 2022 until 6.00 a.m. on 1 August 2022,
- 1.2.4. up to **5 bundled units**, or flexible units or unbundled SS and covering up to 1000 MWh of working volume, up to 0.745 MWh/h of Injection Capacity and up to 1.715 MWh/h of Withdrawal Capacity for the period from 6.00 a.m. on 1 August 2022 until 6.00 a.m. on 1 August 2026,

## 2. on interruptible basis:

2.1. under the Long-Term Storage Service (SS), in the form of bundled units, flexible units or unbundled SS in:

2.1.1. **UGS Wierzchowice Storage Facility** in the amount of up to **6793** bundled units, or flexible units or unbundled SS and covering up to 1,358,600 MWh of working volume, up to 584.198 MWh/h of Injection Capacity and up to 883.090 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2022/2023 commencing at 6.00 a.m. on 15 April 2022 until the end of the Storage Year 2025/2026 ending at 6.00 a.m. on 15 April 2026,

2.1.2. **GSF Kawerna** in the amount of:

2.1.2.1. up to **2149 bundled units**, or flexible units or unbundled SS and covering up to 429,800 MWh of working volume, up to 320.201 MWh/h of Injection Capacity and up to 737.107 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2022/2023 commencing at 6.00 a.m. on 15 April 2022 until the end of the Storage Year 2022/2023 ending at 6.00 a.m. on 15 April 2023,

2.1.2.2. up to **2039 bundled units**, or flexible units or unbundled SS and covering up to 407,800 MWh of working volume, up to 303.811 MWh/h of Injection Capacity and up to 699.377 MWh/h of Withdrawal Capacity for the period from the beginning of the Storage Year 2023/2024 commencing at 6.00 a.m. on 15 April 2023 until the end of the Storage Year 2025/2026 ending at 6.00 a.m. on 15 April 2026,

2.2. under the Short-Term Storage Service (SS), in the form of bundled units, flexible units or unbundled SS in:

2.2.1. **GSF Kawerna** in the amount of:

2.2.1.1. up to **1662 bundled units**, or flexible units or unbundled SS and covering up to 33240 MWh of working volume, up to 247.638 MWh/h of Injection Capacity and up to 570.066 MWh/h of Withdrawal Capacity for the period from 6.00 a.m. on 1 July 2022 until 6.00 a.m. on 1 April 2023,

2.2.1.2. up to **165 bundled units**, or flexible units or unbundled SS and covering up to 33 000 MWh of working volume, up to 24.585 MWh/h of Injection Capacity and up to 56.595 MWh/h of Withdrawal Capacity for the period from 6.00 a.m. on 1 December 2022 until 6.00 a.m. on 1 February 2023.

In 2022 Gas Storage Poland Sp. z o.o. did not offer storage capacity via an auction, as all storage capacity offered via application procedures was contracted.

In fulfilment of its data publication obligations under, in particular, Articles 15(1), 17(2) and 19 of Regulation 715/2009, Gas Storage Poland Sp. z o.o. publishes a range of information on its website:

- detailed information on storage facility capacity allocation mechanisms, including the services it offers and the terms and conditions applied, together with the technical information necessary for storage facility users to gain effective access to the storage facility (information on services offered, calculator allowing a detailed insight into the services offered, description of storage facilities, planned and unplanned outages, rules for establishing and maintaining mandatory natural gas stocks, available unused storage capacities of the storage facility under the intra-day service – published within minutes of occurrence of unused nominal injection capacities and nominal withdrawal capacities and information concerning the secondary market),
- figures for contracted and available storage capacity,
- information on the amount of gas in each storage facility, or group of storage facilities, inflows and outflows, and available storage capacity, including for those facilities exempted from third party access. This information is available in Polish and English on the website of Gas Storage Poland Sp. z o.o.: <https://ipi.gasstoragepoland.pl/pl/strona-glowna/>.



Gas Storage Poland Sp. z o.o. presents information in a standardized way through a unified site map in the form of a Transparency Template, which was developed within the framework of the GIE (GSE) and consulted with ACER.

The implementation of the obligation under Article 22 of Regulation 715/2009 is defined by the provisions of the Storage Services Rules, allowing secondary trading of storage capacity. In 2022, Gas Storage Poland Sp. z o.o. did not receive any information on the disposal on the secondary market of the storage capacities ordered by the users of the storage service.

The rules for the allocation of storage capacity and the types of storage services offered, as well as the rules for the conclusion of storage service contracts and their implementation (nominations, renominations, allocations), are regulated in the Storage Service Rules published on the SSO's website. In 2022 Gas Storage Poland Sp. z o.o. consulted on the Storage System Code (SSC) and subsequently submitted the draft Code to the President of URE for approval. The draft SSC is available on the Operator's website<sup>87)</sup>. Administrative proceedings for its approval were pending in 2022. Once approved by the President of URE, the Code will replace the currently applicable Storage Services Rules, which, by law, are not approved by the President of URE.

In 2022 the Company once again performed an assessment of the demand for storage services over a ten-year time horizon, based on a survey sent out to existing users of storage services, as well as by posting it on its website. The survey questions on the demand for gas storage services covered the years 2023–2034. Based on the demand projected by the entities, the demand for storage services in 2023–2024 will be approximately 96% in relation to working volume, in 2025 – approximately 97%, in 2026–2028 – approximately 74% and in 2029–2034 – approximately 83% of storage working volume. Compared to previous years, for survey respondents, commercial needs are becoming as important purpose for ordering storage services as fulfilling the obligation to maintain mandatory stocks of gas fuel. However, it should be indicated that the ordering of storage services for the creation and maintenance of mandatory stocks of gas fuel still remains the leading objective for the demand for storage services. In the case of services for commercial purposes, the analysis of the surveys revealed an interest in storage services for long-term and short-term contracts. For long-term services, there is definitely more interest in services provided on a firm basis (71% of responses) than on an interruptible basis (29% of responses), with both groups most likely to order services in the form of a bundled unit. For short-term services, slightly more interest was shown in services on an interruptible basis than on a firm basis (57% and 43% of responses, respectively). The survey also asked about the preferred volume of working capacity per storage bundled unit relative to the current offering of 200 MWh of working volume per bundled unit. The purpose of the question was to understand the preferences of potential customers regarding a possible change in the volume of working capacity within the offered package to a volume of 50 MWh. The answers provided to this question indicate that the majority of entities expressed an interest in the current working volume of 200 MWh for the bundled unit. Only one entity pointed to a working volume of 50 MWh.

## Monitoring of the fulfilment of tasks by the liquefaction system operator

The operator of the natural gas liquefaction system (LNG terminal in Świnoujście) is OGP Gaz-System S.A. Pursuant to Article 9g para. 1 of the Energy Law Act, the operator of the natural gas liquefaction system shall be obliged to prepare an LNG System Code. Following consultations with market players, OGP Gaz-System S.A. submitted for approval the draft LNG system code for a facility located in Świnoujście, together with information on comments submitted by system users and the manner in which they were taken into account.

The working capacity of the LNG terminal in Świnoujście is 2,058,000 MWh, the maximum withdrawal capacity is 9,165 MWh/h, the capacity of the LNG tanks is 320,000 m<sup>3</sup> and the maximum technical capacity is 820,000 Nm<sup>3</sup>/h. The capacity of the LNG terminal in Świnoujście – the facility for unloading, process,

<sup>87)</sup> <https://ipi.gasstoragepoland.pl/pl/menu/transparency-template/?page=regulacje-prawne/regulamin-magazynowania/irheim/>

storage and regasification of LNG for commercial purposes was 712,500 Nm<sup>3</sup>/h, while the facility for loading LNG onto tanker trucks was 1,982,500 MWh/year.

The LNG terminal operator provided gas fuel regasification services (long-term and short-term, so-called spot) and additional services. Services of a long-term character are provided throughout the entire regasification year (except for the period of conducting agreed works, breakdowns and introduction of limitations). Services of a short-term nature are provided for a period of at least one gas day or a multiple of consecutive gas days in a given regasification year. Regasification is a bundled service and as part of it, the operator shall ensure to the user the unloading of LNG from the tanker, in-process storage, regasification of LNG and delivery of gas fuel to the exit point from the LNG Terminal.

As part of additional services, the LNG terminal operator shall render the services of LNG reloading onto tank trucks, unbundled in-process storage and making available unbundled contractual capacity. Additional services may be provided only to entities that have reserved the basic regasification service. Before entering into an agreement to provide a regasification service or an additional service, the entity concerned shall be obliged to submit appropriate financial collateral.

In fulfilment of its information obligations set out in particular in Article 19 of Regulation 715/2009, OGP Gaz-System S.A. shall make public detailed information on the services it offers and the conditions applied, together with the technical information needed by market participants to gain effective access to the LNG facilities, figures on the contracted and available capacity of the LNG facilities, information on the quantity of gas in each LNG facility, on the quantities of gas injected and off-taken, as well as on the available capacity of the LNG facilities. OGP Gaz-System S.A. also publishes, among others, data on the actual volume of LNG shipped (regasified), nominations and renominations and the actual volume of LNG unloaded from tankers and reloaded onto tanker trucks. On the website of the operator, it is also possible to find information about the unavailability of the terminal.

#### 4.1.2. Balancing of the system

##### Balancing services

The balancing of the gas system is performed by the TSO as part of the gas fuels transmission services provided in three balancing zones. The National Transmission System (NTS) comprises two zones: (i) balancing zone for high-methane gas (NTSHM) and (ii) balancing zone for nitrogenous gas (NTSN). The Polish part of the Yamal pipeline (the Transit Gas Pipeline System – TGPS) is the third separate balancing zone. The high-methane gas balancing zone in the National Transmission System and the TGPS balancing zone are connected by the relevant point of the transmission system – Connection Point, through which natural gas can be transmitted. Physical (operational) balancing is carried out by the TSO in order to ensure operational security and integrity of the transmission system. On the other hand, commercial balancing is the TSO's activity consisting in determining and settling the imbalance resulting from the difference between the quantities of gas fuel delivered and received in a given balancing zone by system users.

The balancing rules of the TSO have been regulated in the Transmission Network Code (TNC), which is subject to approval by the President of URE. The TNC contains a separate part concerning system balancing and congestion management. The Code specifies the platform on which the TSO is authorized to buy and sell gas. It is a market operated by TGE S.A. The TNC also regulates the method of determining the price for daily imbalance. The system users, including customers whose facilities, installations or networks are connected to the network of the gas TSO or using the services provided by it, are obliged to comply with the terms and requirements and procedures of conduct and exchange of information specified in the TNC. The TNC constitutes a part of a contract for the provision of gas fuels transmission services or a comprehensive contract, and so does the Mechanism to ensure cost neutrality of balancing activities.

In addition, the President of URE monitored the fulfilment of publication obligations in accordance with the requirements of the BAL NC and the TNC.

#### 4.1.3. Cross-border issues

##### **Principles of access to cross-border infrastructure, including allocation of transmission capacity and congestion management**

The principles of capacity allocation resulting from the provisions of Regulation 715/2009 and the CAM NC, which regulates the principles of capacity allocation at interconnection points and the principles of cooperation of TSOs in this process, have been regulated in the TNC and TGPS TNC developed by the TSO and subsequently approved by the President of URE. As a capacity allocation mechanism, the CAM NC provides for an auction procedure with the use of an internet platform designed to reserve firm and interruptible capacity at interconnection points. The capacity offered at these points should be bundled. The same auction model is used at all interconnection points and the relevant auction processes start simultaneously for all relevant points. In each auction process for one standard capacity product, capacity shall be allocated independently of any other auction process, except for so-called competing capacity.

The TSO undertakes actions to eliminate the possibility of system congestion, including among others:

- at the stage of consideration of capacity allocation requests or approval of capacity allocation forecasts, the TSO shall analyze the possibility of performance of new contracts so that they do not result in a decrease of the security of supply and the quality of gas fuel supplied to the existing system users,
- in case of capacity for transmission services, the TSO offers the available capacity in accordance with the provisions of the TNC,
- if firm transmission services cannot be provided, the TSO shall make interruptible transmission services available, if possible,
- it plans the work on the system so as not to cause congestion, and if congestion is necessary in connection with the work carried out, it endeavours to minimize their effects.

In 2022 the President of URE conducted monitoring to confirm the correct implementation of the provisions on system congestion management.

The TSO makes maximum capacity at relevant points of the system available to market participants. It offers unused capacity on the primary market on a firm basis and, in the case of contractual congestion, on an interruptible basis and also enables network users to resell or make available under another legal title unused contracted capacity on the secondary market. In accordance with Article 18 of Regulation 715/2009 and point 3 of Annex I thereto, the TSO shall publish the information necessary for the user to use the services offered by the TSO.

Within the contractual congestion management on interconnection points, the TSO has implemented procedures which are consistent with the Guidelines in Annex I (point 2.2.) to Regulation 715/2009. They are aimed at preventing and alleviating existing contractual congestion at interconnection points with neighbouring EU Member States:

- Oversubscription and buy-back scheme (OS&BB),
- Long-term use-it-or-lose-it mechanism (LT UIOLI),
- Surrender of contracted capacity mechanism,
- Firm day-ahead use-it-or-lose-it mechanism (FDA UIOLI).

Capacity resulting from the oversubscription procedure at specific NTS and TGPS points should be published on an ongoing basis on the TSO's website when contractual congestions exist at these points. In 2022, there were no circumstances resulting in allocation of capacity under the OS&BB mechanism.

In addition, the TSO did not identify the need to apply a procedure based on the long-term UIOLI to long-term capacity allocations. Also, no need was identified for a day-ahead continuous capacity release mechanism on a use-it-or-lose-it basis (FDA UIOLI). The user has the possibility to surrender allocated capacity on a firm basis at physical entry or exit points on interconnections with the transmission systems of adjacent countries and at the Point of Interconnection. In 2022, there were no surrenders of contracted capacity.

According to the TNC and TNC TGPS – the TSO allows capacity to be traded on the secondary market on auction platforms: GSA and RBP. In 2022, 31 bids ended in resale transactions, with a total volume of 9,767,516 MWh.

In its report on contractual congestion in 2021, ACER indicated that contractual congestion occurred at two interconnection points in the natural gas market in Poland: at point GCP-GAZ-SYSTEM/ONTRAS EC – an entry to the Polish transmission system at the border with Germany, and at point GCP-GAZ-SYSTEM-UA TSO EC – an entry to the Polish transmission system at the border with Ukraine. On this basis, the President of URE obliged the TSO to apply contractual congestion management procedures with regard to the change of the initial nomination of the system user. At the same time, in December 2022 the President of URE decided to discontinue the mechanism of day-ahead firm capacity allocation on a 'use it or lose it' basis. The President of URE made the decision after conducting an investigation to assess the situation in the natural gas market, which concluded that the situation that led to the above-mentioned points being designated as congested in 2021 is unlikely to recur in the next three years.

## Monitoring investment plans and assessment of their consistency with the EU-wide development plan

Energy undertakings involved in the transmission or distribution of gas fuels, pursuant to Article 16 para. 1 of the Energy Law Act, are obliged to prepare, for the area of their activity, development plans for satisfying current and future demand for those fuels.

Agreeing of the draft development plans is aimed at ensuring compliance of these draft plans with the Act and its implementing provisions and compliance with the state's energy policy. Development plans – due to a multiannual investment cycle and involvement of significant financial resources (high capital-intensity), which cause long-term financial consequences for the company and its customers – have a direct impact on the level of the future tariffs of the company. Therefore, agreeing the draft development plans is directly connected with issuing decisions on tariff approval.

In the process of agreeing the development plans, the consistency of the envisaged measures with the Ten-Year Network Development Plan (TYNDP) is also verified. This document is intended to guide and ensure consistency in the pursuit of energy objectives at the EU level in terms of security of supply, energy prices as well as sustainability.

Development plans are also a source of information on the investment plans of the company in terms of planned investments aimed to connect new customers and projects necessary to maintain an appropriate level of reliability and quality of provided network services.

In addition, under Article 20 para. 1 of the Act on Electromobility and Alternative Fuels, legally unbundled gas DSOs<sup>88)</sup> are required to develop a programme for the construction of gas stations<sup>89)</sup> and projects involving modernization, expansion or construction of networks necessary for the connection of such stations. The Act implemented the Government's Plan for the Development of Electromobility

---

<sup>88)</sup> The gas DSO referred to in Article 9d para. 1d of the Energy Law Act, excluding the undertakings referred to in Article 9d para. 7 items 3 and 4 of that Act.

<sup>89)</sup> Pursuant to the provisions of Article 2 para. 26 of the Act on Electromobility and Alternative Fuels, a "natural gas station" is understood as a set of appliances, including a compressed natural gas (CNG) refuelling point or a liquefied natural gas (LNG) refuelling point, connected to a gas distribution network or a terminal for the importation, offloading and re-gasification of liquefied natural gas (LNG), together with auxiliary installations and storage tanks used in the regasification process.

in Poland and responds to the proposed legislative measures and infrastructure development objectives contained in the National Policy Framework for the Development of Alternative Fuel Infrastructure, adopted by the Council of Ministers on 29 March 2017.

By letter of 24 October 2021, the President of URE agreed the development plan of PSG Sp. z o.o. containing an update of the Company's Natural Gas Station Construction Programme for 2022–2026. This programme assumed the construction of 46 CNG refuelling points (23 stations) in 23 municipalities in Poland. As at the end of 2022, 22 stations (44 refuelling points) had final acceptance and 1 station (2 refuelling points) had technology acceptance (prior to final acceptance). Total number of CNG refuelling points in the 36 largest municipalities in Poland, including CNG refuelling points existing prior to the entry into force of the Act on Electromobility and Alternative Fuels, will amount to at least 76 (38 stations), which makes it possible to meet the planned assumptions of the Act.

An important regulatory change that came into force on 1 September 2022 is the new Article 161 of the Energy Law Act. Under this provision, also the SSO became obliged to prepare a development plan for meeting the current and future demand for storage capacity for a period of 10 years. Detailed information on the SSO's development plan is provided in a separate subsection later in this report.

In 2022 the obligation to submit draft development plans for agreement with the President of URE applied to 9 operators:

- OGP Gaz-System S.A. with regard to the transit gas pipelines network entrusted to it<sup>90</sup>,
- Gas Storage Poland Sp. z o.o. with regard to storage facilities,
- 7 distribution system operators not subject to legal unbundling as a result of exceeding the limits referred to in Article 16 para. 13 of the Energy Law Act.

#### *Transmission system operator (OGP Gaz-System S.A.)*

The Development Plan of OGP Gaz-System S.A. consists of two parts:

- Part A, which concerns the development of the transmission infrastructure owned by it, and
- Part B, which concerns the development of the transmission infrastructure owned by SGT EuRoPol GAZ S.A., on which OGP Gaz-System S.A. performs the function of operator in the Independent System Operator (ISO) formula.

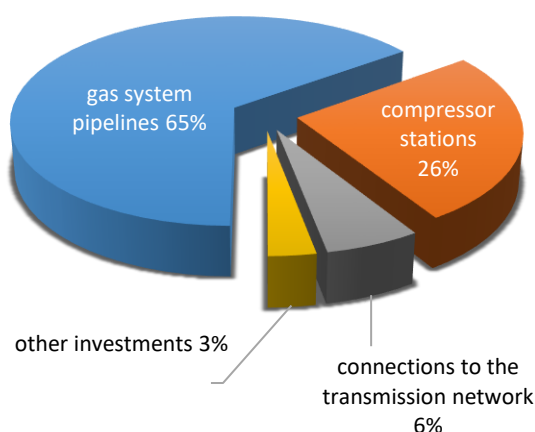
Pursuant to Article 16, para. 2 of the Energy Law Act, Part A of this Development Plan is subject to an update every 2 years, whereas Part B of this Plan, pursuant to Article 16, para. 3 of the Energy Law Act, is subject to an annual update.

In 2022, the TSO's development plan entitled the *National Ten-Year Transmission System Development Plan. Development Plan for Meeting Current and Future Demand for Gaseous Fuels for 2022–2031. Warsaw, October 2021* (hereinafter: NTSDP), agreed on 29 October 2021 by the President of URE, was in force. An extract from the agreed NTSDP is available at the TSO's website<sup>91</sup>.

---

<sup>90</sup> In conjunction with Article 1 item 26 section a) of the Act of 20 May 2021 amending the Energy Law Act and certain other acts (Journal of Laws 2021, item 1093).

<sup>91</sup> <https://www.gaz-system.pl/pl/system-przesylowy/rozwój-systemu-przesylowego/krajowe-plany-rozwoju.html>

**Figure 30.** Structure of investment expenditures incurred in 2022

Source: OGP Gaz-System S.A.

In 2022 OGP Gaz-System S.A. carried out investments in the transmission system in two basic areas:

- a) development area: construction of new system facilities and modernization of the existing ones, aimed at increasing technical capabilities of the transmission system,
- b) safety area: modernization and restoration tasks due to technical or operational needs.

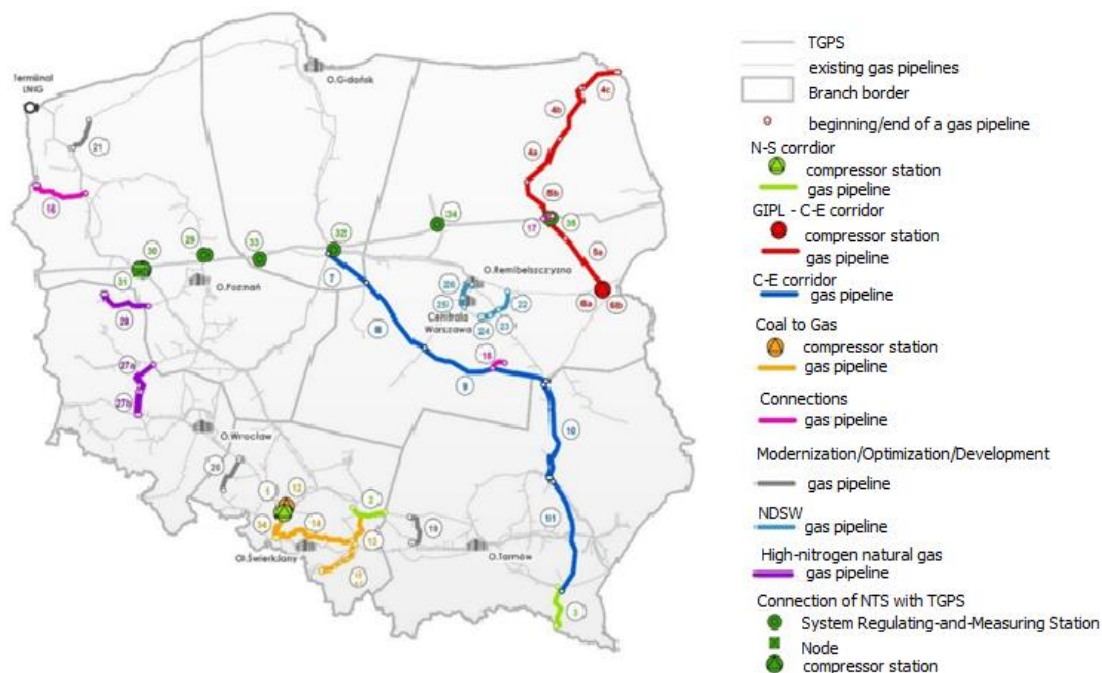
The degree of financial implementation of the investments by OGP Gaz-System S.A. amounted to 95.3% in relation to the level of expenditure agreed for 2022.

In that year OGP Gaz-System S.A. completed the construction and commissioned for operation:

- Pogórska Wola – Tworzeń gas pipeline, section III Braciejówka – Tworzeń, with a length of 34.1 km and diameter of 700 mm,
- Poland-Slovakia gas pipeline with a length of approx. 61.3 km and diameter of 1 000 mm,
- Poland-Lithuania gas pipeline, section North 1 from ZZU Rudka Skroda to ZZUP<sup>92)</sup> Konopki with a length of 60.6 km and diameter of 700 mm,
- Poland-Lithuania gas pipeline, section North 2 from ZZUP Konopki to ZZUP Kuków, with a length of 76.9 km and diameter of 700 mm,
- Poland-Lithuania gas pipeline, section North 3, from ZZUP Kuków to the Poland-Lithuania border with a length of 47.4 km and diameter of 700 mm
- Poland-Lithuania gas pipeline, section South 1 from the Hołowczyce I Gas Compressor Station with the connection to the border of the Mazowieckie Voivodeship, with a length of 72.5 km and diameter of 700 mm
- Poland-Lithuania gas pipeline, section South 2 from the border of the Mazowieckie Voivodeship to the village of Rudka Skroda, with a length of 84.7 km and diameter of 700 mm
- Szczecin-Gdańsk gas pipeline, stage V Goleniów – Płoty with a length of 41.9 km and diameter of 700 mm,
- connection of PSG distribution network Zambrów – Ostrożne with a length of 0.1 km and a diameter of 400 mm to the transmission network,
- Kędzierzyn Gas Compressor Station with a capacity of 23 MW and a MOP of 8.4 MPa,
- Holowczyce II Gas Compressor Station – adjustment (DHT) to MOP of 8.4 MPa.

<sup>92)</sup> ZZU – shut-off and relief value system; ZZUP – angle shut-off and relief value system.



**Figure 31.** Key/strategic investments as at 31 December 2022

Source: OGP Gaz-System S.A.

**Table 23.** Key/strategic investments as at 31 December 2022

NAME	NUMBER FROM KEY PROJECTS MAP	NAME OF PROJECT (INVESTMENT/TASK)	BASIC TECHNICAL DATA	PHASE	BRANCH
N-S CORRIDOR	1	TG KĘDZIERZYN		Implementation - completed	Świerklany
	2	POGÓRSKA WOLA - TWORZEŃ GAS PIPELINE Section 3: Braciejówka - Tworzeń	DN1000; L=34.1 km	Implementation - completed	Świerklany
	4	POLAND - SLOVAKIA GAS PIPELINE	DN1000; L=61.3 km	Implementation - completed	Tarnów
GIPL - C-E CORRIDOR	4a	POLAND-LITHUANIA GAS PIPELINE, NORTHERN SECTION Task 1	DN700; L=60.6 km	Implementation - completed	Rembelszczyzna
	4b	POLAND-LITHUANIA GAS PIPELINE, NORTHERN SECTION Task 2	DN700; L=76.9 km	Implementation - completed	Rembelszczyzna
	4c	POLAND-LITHUANIA GAS PIPELINE, NORTHERN SECTION Task 3	DN700; L=47.4 km	Implementation - completed	Rembelszczyzna
	5a	POLAND-LITHUANIA GAS PIPELINE, SOUTHERN SECTION Task 1	DN700; L=72.5 km	Implementation - completed	Rembelszczyzna
	5b	POLAND-LITHUANIA GAS PIPELINE, SOUTHERN SECTION Task 2	DN700; L=84.7 km	Implementation - completed	Rembelszczyzna
	6a	TG HALOWCZYCE II - ADAPTATION (DTH)	N/A	Implementation - completed	Rembelszczyzna
	6b	TG HOŁOWCZYCE - NEW COMPRESSOR UNIT (NASH)	N/A	Design	Rembelszczyzna



NAME	NUMBER FROM KEY PROJECTS MAP	NAME OF PROJECT (INVESTMENT/TASK)	BASIC TECHNICAL DATA	PHASE	BRANCH
C-E CORRIDOR	7	GUSTORZYN - WRONÓW GAS PIPELINE Stage I Gustorzyn - Leśniewice	DN1000; L=54.1 km	Implementation	Gdańsk
	8	GUSTORZYN - WRONÓW GAS PIPELINE Stage II Leśniewice - Rawa Mazowiecka	DN1000; L=100.0 km	Implementation	Rembelszczyzna
	9	GUSTORZYN - WRONÓW GAS PIPELINE Stage III Rawa Mazowiecka - Wronów gas pipeline	DN1000; L=154.0 km	Implementation	Tarnów
	10	WRONÓW - ROZWADÓW GAS PIPELINE	DN1000; L=107 km	Design	Tarnów
	11	ROZWADÓW - STRACHOCINA GAS PIPELINE	DN1000; L=140 km	Design	Tarnów
COAL TO GAS	12	TG KĘDZIERZYN - Portable Compression Set (5AS)	COMP. gen.-1 pc; power-about 13 MW	Design & Build	Świerklany
	13	OŚWIĘCIM - TWORZEŃ GAS PIPELINE WITH SSRP OŚWIĘCIM	DN700; L=45.0 km	Implementation	Świerklany
	14	RACIBÓRZ - OŚWIĘCIM GAS PIPELINE TOGETHER WITH SSRP SUSZEC	DN700; L=110.0 km	Design	Świerklany
	15a	SKOCZÓW - KOMOROWICE - OŚWIĘCIM GAS PIPELINE Stage I: SSRP Oświęcim - Oświęcim - Zaborze node	DN500; L=0.55 km	Design	Świerklany
	15b	SKOCZÓW - KOMOROWICE - OŚWIĘCIM GAS PIPELINE Stage II: ZZU Wilamowice to ŚNO at Oświęcim	DN500; L=19.65 km	Design	Świerklany
	15c	SKOCZÓW - KOMOROWICE - OŚWIĘCIM GAS PIPELINE Stage III: ZZU Komorowice to ZZU Wilamowice (without ZZU)	DN500; L=10.8 km	Design	Świerklany
COAL TO GAS	15d	SKOCZÓW - KOMOROWICE - OŚWIĘCIM GAS PIPELINE Stage IVa: ZZU Komorowice (without ZZU) to Stare Bielsko	DN500; L=7.5 km	Design	Świerklany
	15e	SKOCZÓW - KOMOROWICE - OŚWIĘCIM GAS PIPELINE Stage IVb: From Stare Bielsko to ZZU Wapienica (without ZZU)	DN500; L=4.0 km	Design	Świerklany
	15f	SKOCZÓW - KOMOROWICE - OŚWIĘCIM GAS PIPELINE Stage V: ŚNO Pogórze (including sluice) to ZZU Wapienica	DN500; L=14.63 km	Design	Świerklany
	CONNECTIONS	16	CONNECTION OF DOLNA ODRA POWER PLANT	DN=700; L=63.0 km	Implementation
17		CONNECTION OF PSG DISTRIBUTION NETWORK IN ZAMBRÓW	DN400; L=0.1 km	Design & Build - Completed	Rembelszczyzna
18		CONNECTION OF EC KOZIENICE IN SWIERŻE GÓRNE	DN700; L=20 km	Design	Rembelszczyzna

NAME	NUMBER FROM KEY PROJECTS MAP	NAME OF PROJECT (INVESTMENT/TASK)	BASIC TECHNICAL DATA	PHASE	BRANCH
MODERNIZATION OPTIMIZATION DEVELOPMENT	19	GAS PIPELINE WĘŻERÓW-PRZEWÓZ TOGETHER WITH SSRP PRZEWÓZ	DN700; L=45 km	Design	Tarnów
	20	LEWIN BRZESKI - NYSA GAS PIPELINE, INCLUDING BRANCHES OF SG	DN500 (L=38 km) DN150 (L=11.6 km/ L=0.017 km) DN100 (L=1 km / L=1.46 km)	Design	Świerklany
	21	SZCZECIN - GDAŃSK GAS PIPELINE Stage V Goleniów - Płoty	DN700; L=41.9 km	Implementation - completed	Poznań
NEW DIRECTIONS FOR SUPPLY TO WARSAW (NDSW)	22	STANISŁAWÓW (MIŃSK MAZOWIECKI) - SG WOLA KARCZEWSKA GAS PIPELINE	DN700; MOP=8.4 MPa; L=31.6 km	Design	Rembelszczyzna
	23	WOLA KARCZEWSKA - KARCZEW GAS PIPELINE	DN500; MOP=8.4 MPa; L=11.5 km	Design	Rembelszczyzna
	24	KARCZEW - GASSY GAS PIPELINE	DN400; MOP=8.4 MPa; L=2.65 km	Design	Rembelszczyzna
	25	MORY – REGUŁY GAS PIPELINE	DN400; MOP=5.5 MPa; L=5.1 km	Design	Rembelszczyzna
	26	REMBELSZCZYŻNA – MORY GAS PIPELINE	DN=700 L=29.0 km	Tender WRB	Rembelszczyzna
GAS LW	27a	KOTOWICE - HM LEGNICA GAS PIPELINE Northern section (KOTOWICE - KRZECZYN)	DN300 MOP=8.4 MPa; L=36 km	Design	Wrocław
	27b	KOTOWICE - HM LEGNICA GAS PIPELINE Southern section (KRZECZYN - HM LEGNICA)	DN300; MOP=8.4 MPa; L=24 km	Design	Wrocław
	28	RAKONIEWICE-ŚWIEBODZIN GAS PIPELINE	DN300 L=43 km; DN100 L=23,6km; DN100 L=9.4 km	Design	Wrocław
CONNECTION OF NTS WITH TGPS	29	SSRP DŁUGA GOŚLINA	DN500 Q=250 K m <sup>3</sup> /h	Design	Poznań
	30	LWÓWEK NODE (ZZU ZĘBOWO – WP LWÓWEK)	DN1000, Q m <sup>3</sup> /h (two-direction) = 1.6 M	Design	Poznań
	31	TG LWÓWEK; Comp. gen.-3 pcs	POWER=30MW	Design	Poznań
	32	SSRP WŁOCŁAWEK	Q=1000 K m <sup>3</sup> /h (two-direction)	Design	Gdańsk
	33	SSRP WYDARTOWO	Q=1200 K m <sup>3</sup> /h (two-direction)	Design	Gdańsk
	34	SSRP CIECHANÓW-PAWŁOWO	N/D	Tender for Design Documentation	Rembelszczyzna
	35	SSRP ZAMBRÓW	Q (two-direction) =1.0 M m <sup>3</sup> /h	Design	Rembelszczyzna

Source: OGP Gaz-System S.A.

By letter dated 9 June 2022 the President of URE reconciled the development plan of OGP Gaz-System S.A. entitled "NATIONAL TEN-YEAR DEVELOPMENT PLAN; DEVELOPMENT PLAN FOR MEETING THE CURRENT AND FUTURE DEAMND FOR GASEOUS FUELS; update of Part B for the years 2023–2032; Warsaw, March 2022". This plan includes investments concerning the transmission infrastructure owned by SGT EuRoPol GAZ S.A., on which OGP Gaz-System S.A. acts as operator. The level of

investment expenditure on the transmission network entrusted to OGP Gaz-System S.A was agreed for the years 2023–2025.

The investments included in this plan are aimed at maintaining full technical efficiency through restoration investments and necessary modernization works. Planned investments include the modernization of compressor station equipment, installations and facilities, including control, security and data archiving systems, modification and modernization of communication systems, as well as tasks resulting from technical reviews and environmental inspections and tasks improving health and safety conditions.

In addition, OGP Gaz-System S.A. included development investment tasks at the Włocławek Compressor Station and the Szamotuły Compressor Station in this plan.

#### *Gaseous fuel storage system operator (Gas Storage Poland Sp. z o.o.)*

Pursuant to Article 16<sup>1</sup> para. 8 of the Energy Law Act<sup>93)</sup> the President of URE shall agree with the Storage System Operator a development plan for meeting the current and future demand for storage facility capacity for a period of 10 years, acting in consultation with the Minister responsible for energy. This plan shall be updated every 2 years.

Pursuant to Article 16<sup>1</sup> para. 2 of the Energy Law Act, the SSO's development plan takes into account:

- 1) the local spatial development plan,
- 2) the energy policy of the state,
- 3) the preventive measures plan prepared in accordance with Article 15fa para. 2,
- 4) the development plan prepared by the gas TSO referred to in Article 16 para. 2.

The SSO's development plan also includes, pursuant to Article 16<sup>1</sup> para. 3 of the Energy Law, in particular:

- 1) investments in the modernization, expansion or construction of storage facilities,
- 2) the anticipated manner of financing the investments,
- 3) anticipated revenues necessary to complete the investment,
- 4) the planned schedule for the completion of the investment.

Currently, the only SSO in Poland is Gas Storage Poland Sp. z o.o., which submitted for agreement the "Draft development plan for meeting the current and future demand for storage facility capacity for 2023–2032" by letter dated 30 September 2022. Reconciliation of this document was not completed in 2022.

### **Works carried out by OGP Gaz-System S.A. in 2022 on the construction of interconnectors**

In the last decade, several significant investment projects of fundamental importance for the security of natural gas supply to Poland were implemented, concerning the establishment of new interconnections or the expansion of the functionality of existing interconnections, which opens up additional possibilities for gas supply to Poland from alternative directions. Before 2022 these activities included the expansion of interconnections on the border with Germany (Mallnow, Lasów) and the construction of a connection on the border with the Czech Republic (Cieszyn), in turn, in 2022, the construction of connections with Lithuania (Santaka), Slovakia (Veľké Kapušany-Strachocina) and Denmark (Baltic Pipe pipeline) were completed, and so was the first stage of the expansion of the LNG terminal in Świnoujście, allowing it to increase its nominal regasification capacity from 5 billion m<sup>3</sup>/year to approx. 6.2 billion m<sup>3</sup>/year. Investment projects aimed at increasing LNG import capacity are continuing. Work is in progress on the foundation of a new FSRU terminal in Zatoka Gdańska, as well as on further increasing the regasification capacity of the terminal in Świnoujście to 8.3 billion m<sup>3</sup>/year.

---

<sup>93)</sup> Provision introduced on 21 December 2022 in accordance with Article 37 item 5 of the Act of 15 December 2022 amending the Energy Law Act (Journal of Laws of 2022, item 2687).

Also of importance in this context is the work carried out within the national transmission system, such as the programme for the construction of the North-South Corridor, which allows for the appropriate distribution of natural gas within the territory of Poland and the preparation for interconnections. The purpose of the work in progress is also to create conditions for the construction of an integrated and competitive natural gas market in Central Europe and the Baltic Sea region.

The process of expanding interconnections, despite its undoubted contribution to the situation improvement, has not yet been completed and requires continuation. Cooperation with other countries in this area in the reported period was mainly pursued under the Projects of Common Interest (PCI). The status of PCI is assigned by means of an agreement between the company planning to undertake the project and the Member State (or companies and Member States), with the participation of the EU institutions (in particular the European Commission). Key cross-border infrastructure projects linking the energy systems of EU Member States that are intended to help the EU achieve its energy policy and climate objectives – affordable, secure and sustainable energy for all citizens and the long-term decarbonization of the economy in accordance with the Paris Agreement – may be recognized as PCIs.

On 19 November 2021 the European Commission published its fifth list of projects of common interest<sup>94)</sup>. Among the projects important for the security of supply of our region was the Baltic Pipe gas pipeline, as well as the FSRU terminal in Gdańsk for unloading LNG.

It should be noted that the process of the European Commission's support for gas projects has changed as a result of the 16 May 2022 amendment to the Trans-European Energy Networks (TEN-E) Regulation. From the sixth PCI list onwards, support will be provided under different rules: the possibility of co-financing projects based on the extraction of energy from fossil fuels, namely oil and natural gas, has been significantly reduced, and EU support has been redirected to offshore energy networks, hydrogen infrastructure and so-called smart grids. Gas projects will be able to retain EU support but only until 2029 and under the condition that they are adapted for the transmission or storage of hydrogen or biomethane. The changes to the PCI status process are compatible with the decarbonization targets for the EU economy defined in the 2030 horizon and take into account the conclusions of the European Green Deal.

In view of the above, in 2022 OGP Gaz-System S.A. announced the submission of an application for inclusion of three new projects: the Nordic-Baltic hydrogen corridor, the national hydrogen backbone network, and the hydrogen storage facility in Damasławek in the sixth PCI list (the first PCI list according to the new TEN-E Regulation).

### **The Baltic Pipe project (connection Poland-Denmark, Norwegian corridor)<sup>95)</sup>**

The construction of the Poland-Denmark gas interconnection, which was completed in 2022, creates technical possibilities for the transmission of gas from the Norwegian continental shelf via the Danish transmission system and an undersea connection from Denmark to Poland (Baltic Pipe) and, in the longer term, to other countries in the Central and Eastern Europe. The Baltic Pipe connection is the result of cooperation between OGP Gaz-System S.A. and the TSOs of Denmark (Energinet) and Norway (Gassco).

---

<sup>94)</sup> [https://ec.europa.eu/energy/topics/infrastructure/projects-common-interest/key-cross-border-infrastructure-projects\\_en#the-pci-lists](https://ec.europa.eu/energy/topics/infrastructure/projects-common-interest/key-cross-border-infrastructure-projects_en#the-pci-lists)

<sup>95)</sup> <https://www.gaz-system.pl/nasze-inwestycje/integracja-z-europejski-systemem/baltic-pipe/>

**Figure 32.** Route outline of the offshore gas pipeline from Denmark to Poland

Source: OGP Gaz-System S.A.

The Baltic Pipe pipeline was launched on 1 October 2022. Initially, the interconnector operated on a limited basis until all construction work on the Danish side regarding gas compression and metering at the Zealand compressor station was completed. As of 30 November 2022, the Baltic Pipe pipelines and compressor stations have achieved their target technical parameters and can transport 10 billion m<sup>3</sup> per year towards Poland.

The progress of work in 2022 was as follows:

- in the first quarter, installation of equipment at the Polish and Danish coasts to perform pipeline pre-commissioning operations (cleaning, hydro-testing, drying) began. Backfilling of the offshore gas pipeline was also completed,
- in the second quarter, a leak test of the offshore gas pipeline was performed (hydrotest). In addition, in May this year, the Danish Working Environment Authority (DWEA) issued a permit for the use of a 400 m section of the Baltic Pipe pipeline on the Danish coast. In June, OGP Gaz-System S.A. presented the annual product offering for existing and new interconnection points including, among others, the Poland-Denmark connection. Pre-commissioning operations were also completed: cleaning, flushing and drying of the offshore pipeline,
- in the third quarter, the Voivodeship Building Control Inspector in Szczecin issued a permit to use the gas pipeline in Polish waters. The gasification operation of the gas pipeline from the Konarzewo Terminal to the receiving lock in Denmark was completed. In addition, the Danish Energy Agency (DEA) issued a Permit to Use for the gas pipeline in Danish waters. In July 2022, the operation to connect the gas pipeline (so-called 'golden welds') offshore to the onshore pipeline in Poland and Denmark was completed,
- on 1 October, the interconnection with Denmark (IP Faxe) started on schedule. On the same day, OGP Gaz-System S.A. declared to Energinet the completion of the project on its side (Ready for Operations).

## FSRU Terminal at Zatoka Gdańska<sup>96)</sup>

The new LNG Terminal is an installation planned to be located in the Gdańsk region – specifically a floating storage regasification unit (FSRU) – capable of unloading LNG, in-process storage and regasification of LNG and the provision of additional services. As part of this investment project, the expansion of the national transmission system is also planned, which will allow efficient gas distribution from the Gdańsk region to customers both in Poland and in the region. A construction of the terminal capable of regasification at 6.1 bn m<sup>3</sup> of gas per year, with the possibility to increase the regasification capacity depending on market developments and the growing demand for natural gas in the country and the region.

The following extent of the FSRU Project is currently planned:

### In the onshore part:

- DN 1000 Gustorzyn – Kolnik gas pipeline with a length of 214 km,
- DN 1000 Kolnik – Gdańsk (Bogatka) gas pipeline with a length of 29 km,
- FSRU DN 1000 connection gas pipeline – onshore part with a length of 1.2 km.

### In the offshore part:

- siting of the FSRU and preparing it for operation,
- construction of a jetty with unloading infrastructure,
- construction of the connecting pipeline FSRU DN 1000 – underwater part with a length of 5.5 km.

In 2022, work continued on the design, obtaining relevant administrative decisions and negotiating the financing of the investment project:

- in the first quarter, a Long-Term Financing Programme for the "Construction of a Sheltering Breakwater in the Port of Gdańsk" was developed together with the Maritime Office in Gdynia and the Ministry of Infrastructure. The programme was submitted in February 2022 for consideration by the Council of Ministers,
- in the second quarter, the results of the previously conducted "Open Season" procedure were published and the "Order to Proceed" contract was signed,
- in the third quarter, at a meeting of the Government of the Republic of Poland, a resolution was adopted on the establishment of a Multiannual Programme entitled "Construction of a Sheltering Breakwater in the Port of Gdańsk". The value of the investment project was estimated at PLN 856 million, and its implementation is scheduled for the years 2022–2027,
- in the fourth quarter, funding was obtained from the Connecting Europe Facility to perform design work for the submarine part. The maximum amount of support awarded is approximately €19.5 million. In addition, an agreement was signed with the Maritime University of Gdynia to conduct a navigation analysis, and a schedule was established for carrying out this work. Arrangements and negotiations also continued on cooperation agreements with the Polish Development Fund.

The connection of the new FSRU in Zatoka Gdańska is planned for the gas year 2027/2028.

In addition to the implementation of programmes with the status of Projects of Common Interest, OGP Gaz-System S.A. is pursuing a number of investments aimed at further developing its current capacities. The most important example of such investments is the expansion of the LNG terminal in Świnoujście.

## Expansion of the LNG terminal in Świnoujście<sup>97)</sup>

The objective of the LNG Terminal expansion is to increase the regasification capacity to some 8.3 billion m<sup>3</sup> of natural gas annually and to introduce new functionalities of this installation. The terminal expansion includes four tasks: increasing the regasification capacity of the technological

<sup>96)</sup> <https://www.gaz-system.pl/nasze-inwestycje/krajowy-system-przesylowy/program-fsru/>

<sup>97)</sup> <https://www.polskielng.pl/terminal-Ing/program-rozbudowy-terminalu-Ing/>



installation by additional SCV equipment (methane pumps, regasifiers); additional capacity by constructing a third liquefied natural gas tank; increasing the flexibility of deliveries to the terminal by constructing a second jetty and diversifying land transport by an LNG handling installation with a railway siding.

As part of the LNG Terminal Expansion Programme in 2022, the first stage of works was completed consisting in the expansion of the infrastructure with new SCV regasifiers and LNG pumps allowing for an increase in the nominal regasification capacity of the terminal to a level of approximately 6.2 billion m<sup>3</sup>/year.

The second stage of the terminal expansion assumes an increase in regasification capacity to a level of approximately 8.3 billion m<sup>3</sup>/year through the construction of a third LNG storage tank (approximately 180,000 m<sup>3</sup> gross) together with the required installations and equipment, and increased flexibility of supply to the terminal through the construction of a second jetty together with associated equipment and installations.

The ship berths will be connected to the existing LNG Terminal infrastructure in the onshore section. They will be adapted to receive tankers and other vessels (including bunkers) with the following parameters:

- Berth 1 – vessels with tank capacities ranging from 7,500 m<sup>3</sup> LNG to approximately 220,000 m<sup>3</sup> LNG and an overall length ranging from 110 m to 320 m and a draught of up to 12.5 m,
- Berth 2 – vessels with tank capacities ranging from 500 m<sup>3</sup> LNG to approximately 7,500 m<sup>3</sup> LNG and an overall length ranging from 50 m to 110 m and a draught of up to 7 m.

The Terminal facilities after expansion will enable:

- unloading of LNG from both berths onto vessels with a capacity of 12,000 m<sup>3</sup> LNG/h (Berth 1) and 1,000 m<sup>3</sup> LNG/h (Berth 2),
- loading LNG onto vessels with a capacity of 4,000 m<sup>3</sup> LNG/h (Berth 1) and 1,000 m<sup>3</sup> LNG/h (Berth 2),
- transshipment of LNG from vessels berthed at the ship berth at the existing jetty and at Berth 1 with a capacity of 10 000 m<sup>3</sup>/h,
- bunkering with a capacity of 50 m<sup>3</sup> LNG/h from Berth 2.

The year 2022 ended with the following construction works and the delivery of materials and equipment:

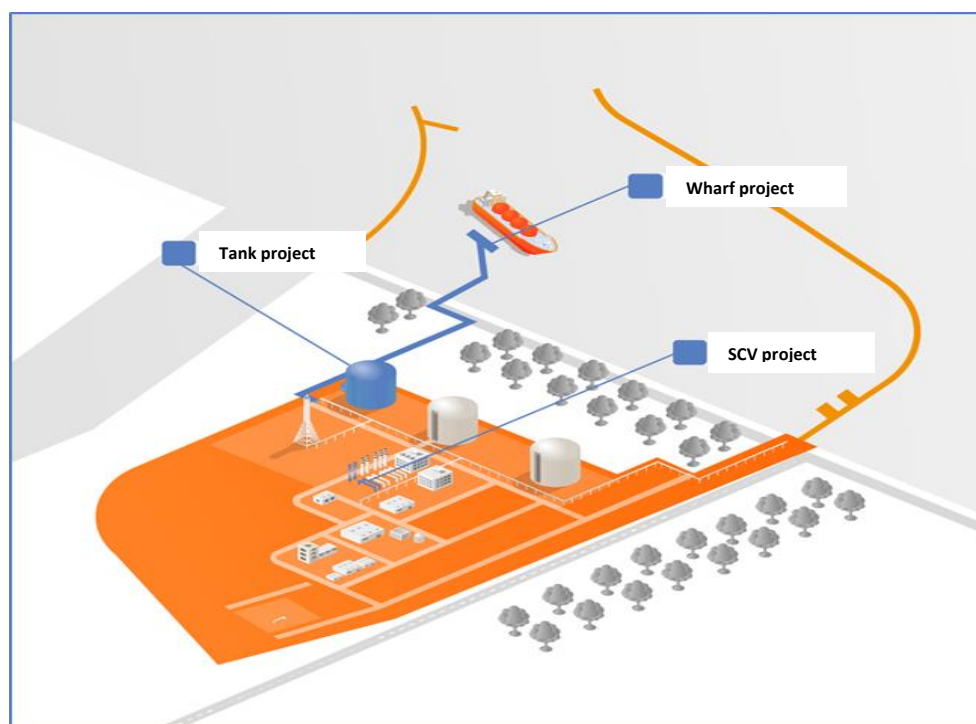
In the "**Tank Project**", the advancement of the design process is approximately 93%. The delivery of 3 compressors with auxiliary equipment, the delivery of the lift for the tank wall, the delivery of medium voltage cables, as well as the first delivery of inverters for the LNG pumps and "soft starters" for the BOG compressors were completed. A series of verification and inspection activities were performed at the prefabrication plants for piping and steel structures, the elevation of the 8150 electrical substation building was completed, the integration of the BOG cooler support structures was completed, the walls inside the tank were sanded and the installation of the "wall liner" sheets was implemented, the concrete work for the tank dome was completed, injections of the working break of the tank dome were carried out.

Production of: prefabricated columns, transoms, beams, sections, flyovers; loading arms; trap towers; ball valves; butterfly valves; chromatograph continued in the "**Wharf Project**". A 90% review of the 3D model was performed for the loading platform (piping, process equipment, health and safety, access for operation and service); delivery of cryogenic pipe and fittings materials continued; assembly of the steel structure of the PR-1520 flyover was completed; assembly of reinforced concrete ducts was carried out; anchors for the fire extinguishing towers were installed; assembly of the steel structure of the PR-1520 flyover was completed; preparatory work for the start of prefabrication of piping was carried out.

In the "**SCV Project**" – in the first quarter of the reporting year, commissioning and testing of the SCV regasifiers was completed, testing of the CEMS system was completed, the LP pumps on the tanks were commissioned – after individual testing, the measurement string was commissioned – after static and dynamic calibration. A Final Acceptance Protocol was signed in the second quarter of 2022.

Completion of the investment project is currently planned for 2024.



**Figure 33.** Scheme of extension of the LNG Terminal in Świnoujście

Source: OGP Gaz-System S.A.

### Candidate projects for the sixth PCI list (according to the revised TEN-E Regulation)

The Nordic-Baltic hydrogen corridor is intended to enable the transfer of hydrogen from Finland via the Baltic States and Poland to Germany. To this end, in December the gas TSOs: OGP Gaz-System S.A. (Poland), Gasgrid Finland (Finland), Elering (Estonia), Conexus Baltic Grid (Latvia), Amber Grid (Lithuania) and ONTRAS (Germany) signed a cooperation agreement and initiated work on a pre-feasibility study. The purpose of the Nordic-Baltic hydrogen corridor is to strengthen the region's energy security, reduce dependence on imported fossil energy and create a fast-track decarbonization pathway in key economic sectors, including e.g. industry, transport, electricity and heat to meet the REPowerUE 2030 targets. In the first phase of the project, a pre-feasibility study will be performed. On the basis of the recommendations resulting from this study, a decision will be made to proceed with the development of the project, which will determine further measures in terms of, among others, the design, construction and commissioning of the transmission network.

The national hydrogen backbone is intended to connect hydrogen producers, foreign sources, as well as the planned hydrogen storage facility in Damasławek, with final customers and possible local distribution networks. This project, which is part of the European Hydrogen Backbone (EHB) initiative, aims to accelerate the decarbonization of Europe by defining the key role of hydrogen infrastructure – based on existing and new pipelines – in enabling the development of a competitive, liquid, pan-European market for renewable and low-emission hydrogen. The EHB creates the assumptions for the future hydrogen transmission network in the EU, the potential supply routes, as well as the generation capacities of the Member States participating in the initiative. As part of the European Hydrogen Backbone version 3.0 study, three-phase transmission system maps were created showing the potential development of the network in the 2030, 2035 and 2040 timeframe. The study was published in July 2022.

The implementation of projects with PCI status and those applying for support under this procedure is subject to ongoing monitoring by the President of URE as part of the alignment of draft development plans and annual validation surveys in the course of ACER's work. The tasks of the President of URE also include monitoring the implementation of the provisions of the Cross-Border Cost Allocation Decision (CBCA) concerning mutual settlements between promoters implementing PCI projects. This will be possible once the final implementation costs have been completed and summarized.

### **Complaints against a transmission, storage, LNG or distribution system operator concerning their obligations under Directive 2009/73/EC**

The President of URE is the body responsible for investigating complaints against energy companies. Any entity may also submit a complaint against the activity of energy companies to the President of URE. In such a situation, the President of URE assesses whether the activity of a given company violated the provisions of the applicable acts of common law, that is EU regulations, acts, national regulations or decisions issued by the President of URE, for example network codes.

#### **4.1.4. Implementation of guidelines and network codes**

##### **TAR NC**

In 2022, work on fulfilling obligations under the TAR NC continued.

The financial stability of gas transmission system operators is to be strengthened by the regulatory account introduced by the TAR NC. Thanks to its application, it will be possible to settle and include in the calculation of tariffs for subsequent years the difference between revenues planned before the beginning of the tariff year and revenues actually generated by the transmission system operator in that period, as part of the reconciliation of the regulatory account referred to in Article 20 of the TAR NC. Thanks to this mechanism, the risk of transferring the effects of incorrect forecasts regarding, among others, planned long-term or short-term capacity orders, to the transmission system users will be eliminated. Until now, a reconciliation of the regulatory account for OGP Gaz-System S.A. has been made as at 31 December 2019, 31 December 2020 and 31 December 2021, more extensive information on this matter has been included in the decisions approving the tariffs for gas transmission services for 2021, 2022 and 2023, available on the Office's website.

In the calculation of tariffs for gas fuels transmission services in 2023 performed with the use of the transmission network owned by OGP Gaz-System S.A. and the network owned by SGT EuRoPol Gaz S.A.<sup>98)</sup> the provisions of the *Reference Price Methodology No. 2/OGP for the own transmission network of Operator Gazociągów Przesyłowych Gaz-System S.A. for the period: from 6:00 a.m. on 1 January 2023 to 6 a.m. on 1 January 2025*<sup>99)</sup> and the *Reference Price Methodology No. 2/SGT for the transmission network owned by the energy company System Gazociągów Tranzytowych EuRoPol GAZ S.A. with its registered office in Warsaw for the period from 6:00 a.m. on 1 January 2023 to 6:00 a.m. on 1 January 2025*<sup>100)</sup> were applied.

In the administrative proceedings on the approval of the above reference price determination methods, the results of the consultations carried out by the Operator from 31 August to 31 October

---

<sup>98)</sup> OGP Gaz-System S.A. performs the function of a gas transmission system operator for the network owned by the energy company SGT EuRoPol GAZ S.A. pursuant to the decision of the President of URE of 17 November 2010, ref. no: DPE-4720-4(8)/2010/6154/BT, and calculates the tariff for this network, starting with the tariff for 2023.

<sup>99)</sup> <https://www.ure.gov.pl/pl/biznes/taryfy-zalozenia/metody-wyznaczenia-cen-referen-1/10196,Decyzje-Prezesa-URE-w-sprawie-metod-wyznaczenia-cen-referencyjnych-stosowanych-w.html>

<sup>100)</sup> <https://www.ure.gov.pl/pl/biznes/taryfy-zalozenia/wyznaczenie-cen-referen/8186,Kodeks-sieci-dotyczacy-zharmonizowanych-struktur-taryf-przesylowych-dla-gazu.html>

2021, concerning the years 2023–2024 for its own transmission network<sup>101)</sup> and the transmission network owned by SGT EuRoPol GAZ S.A.<sup>102)</sup> were used. Upon their completion, the Operator published the responses obtained and a summary thereof. And pursuant to the provisions of Article 27(3) of the TAR NC, on 21 December 2021 ACER published and sent to URE and the Operator the evaluation of consultation responses performed in accordance with paragraph 2 of the aforementioned provision<sup>103)</sup>.

Pursuant to Article 27(4) of the TAR NC, on 31 March 2022, the President of URE, meeting the deadline of 5 months from the end of the final consultation, issued reasoned decisions<sup>104)</sup> on the reference price determination methods, covering the elements set out in Article 26(1) of the TAR NC for the OGP Gaz-System S.A. transmission network and the network owned by SGT EuRoPol GAZ S.A. The decisions were published on the URE's website and sent to ACER and the European Commission.

In the period from 14 November 2022 to 16 January 2023 the President of URE consulted for the fifth time on the issues<sup>105)</sup> referred to in Article 28 of the TAR NC, concerning, among others, multipliers, seasonal coefficients, levels of discounts at entry points from the LNG terminal and discounts used to calculate reserve prices for standard interruptible capacity products, for 2024. The consultations concerned the network of OGP Gaz-System S.A. and the transmission network owned by SGT EuRoPol GAZ S.A. During the consultation, an opinion was received from the Danish regulator<sup>106)</sup> expressing no objections to the issues consulted.

On 20 February 2023, the President of URE issued and published *Information No. 7/2023 on the level of multipliers, seasonal coefficients and discounts referred to in Article 28(1)(a)-(c) of the Tariff Code, taken into account in the calculation of tariffs for gas fuel transmission services for the period from 1 January 2024 to 31 December 2024*. The provisions of the above Information will be taken into account in the calculation of tariffs for 2024 for the network of OGP Gaz-System S.A. and the transmission network owned by SGT EuRoPol GAZ S.A.

Pursuant to Article 28(2) of the TAR NC, the aforementioned consultation shall take place during each tariff period. As defined in Article 3(23) of the TAR NC, a tariff period means the time period during which a particular level of reference price is applicable, which minimum duration is one year and maximum duration is the duration of the regulatory period. As the tariffs for gas transmission services are approved for a period of 12 months, this consultation is carried out every year. On 18 March 2022 the President of URE issued and published information<sup>107)</sup> regarding the previous consultations referred to in Article 28(1)(a)-(c) of the TAR NC. The provisions of the above-mentioned information were taken into account in the calculation of tariffs for 2023.

## CAM NC

In accordance with the CAM NC Regulation, the operator shall make the maximum technical capacity available at interconnection points. The TSO shall regularly perform an analysis of the technical capacity at the above-mentioned points in order to maximize the capacity allocated to market participants. In fulfilling the provisions of Article 6 of the CAM NC, the TSO shall agree the results of the above-mentioned analyses with the system operators cooperating in accordance with the Regulation.

<sup>101)</sup> <https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-ksp/taryfa-ksp/nc-tar.html>

<sup>102)</sup> <https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-sgt/taryfa-sgt/nc-tar.html>

<sup>103)</sup> <https://acer.europa.eu/gas/network-codes/tariffs/acer-reports-national-tariff-consultations/acer-analysis-national-tariff-consultation-documents>

<sup>104)</sup> <https://www.ure.gov.pl/pl/biznes/taryfy-zalozenia/metody-wyznaczania-cen-referen-1/10196,Decyzje-Prezesa-URE-w-sprawie-metod-wyznaczania-cen-referencyjnych-stosowanych-w.html>

<sup>105)</sup> <https://www.ure.gov.pl/pl/biznes/taryfy-zalozenia/mnozники-wspolczynniki-sezonow/10658,Konsultacje-w-zakresie-rabatow-mnozownikow-i-wspolczynnikiow-sezonowych-do-taryf-na.html>

<sup>106)</sup> Forsyningstilsynet – Danish Utility Regulator.

<sup>107)</sup> <https://www.ure.gov.pl/pl/biznes/taryfy-zalozenia/mnozники-wspolczynniki-3/9723,Rynek-gazu-konsultacje-dotyczace-rabatow-mnozownikow-i-wspolczynnikiow-sezonowych-d.html>

The following table provides an overview of transmission capacities at individual interconnection points, including booked, unbooked, booked and unused capacities, as well as volumes of gas transported.

**Table 24.** Interconnections with other transmission systems taking into account firm and interruptible capacity (including in the TGPS system)

System operator	Operator's country	Interconnection point	Supply direction		Total transmission capacity*		Booked transmission capacity		Unbooked transmission capacity		Unused booked transmission capacity		Transmission completed – firm and interruptible capacity
					firm	interruptible	firm	interruptible	firm	interruptible	firm	interruptible	
OSGT GAZ-SYSTEM S.A.	Poland /TGPS	Interconnection point (en)	Poland	MWh/year	101 315 733	21 939 280	58459474	684 693	42 856 259	21 254 587	0	19 791 061	44 319 785
				M m <sup>3</sup> /year	9 087	1 968	5 277	62	3 810	1 906	0	1 824	3 892
OSGT GAZ-SYSTEM S.A.	Poland	Interconnection point (ex)	Poland /TGPS	MWh/year	0	87 346 135	0	770 959	0	86 575 176	0	86 129 336	445 840
				M m <sup>3</sup> /year	0	7 941	0	70	0	7 871	0	7 831	40
ONTRAS	Germany	GCP GAZ-SYSTEM/ONT RAS (en)	Poland	MWh/year	16 753 098	12 697 620	16829923	1 210 202	0	11 487 418	0	-43 566	11 530 984
				M m <sup>3</sup> /year	1 503	1 139	1 509	109	0	1 030	0	21	1 010
ONTRAS	Germany	GCP GAZ-SYSTEM/ONT RAS (ex)	Germany	MWh/year	4 915 446	12 861 222	110 295	0	4 805 151	12 861 222	4 529 344	12 861 222	275 807
				M m <sup>3</sup> /year	441	1 153	10	0	431	1 153	407	1 153	24
Severomoravska Plynarenska	Czech Republic	Branice Czech Republic	Poland	MWh/year	15 794	15 794	0	0	15 794	15 794	12 005	15 794	3 789
				M m <sup>3</sup> /year	1	1	0	0	1	1	1	1	0
Net4Gas	Czech Republic	Cieszyn (en)	Poland	MWh/year	6 593 915	1 393 715	6 489 709	0	104 206	1 393 715	0	-2 245 987	3 743 908
				M m <sup>3</sup> /year	587	124	578	0	9	124	0	-197	330
Net4Gas	Czech Republic	Cieszyn (ex)	Czech Republic	MWh/year	0	6 593 915	0	0	0	6 593 915	0	6 405 980	187 935
				M m <sup>3</sup> /year	0	587	0	0	0	587	0	570	17
Eustream	Slovakia	Vyrava (en) <sup>2)</sup>	Poland	MWh/year	8 697 000	869 700	322 632	0	8 374 368	869 700	8 054 053	869 700	320 315
				M m <sup>3</sup> /year	780	78	29	0	751	78	723	78	28
Eustream	Slovakia	Vyrava (ex) <sup>2)</sup>	Slovakia	MWh/year	7 225 200	722 520	0	0	7 225 200	722 520	7 225 199	722 520	1
				M m <sup>3</sup> /year	648	65	0	0	648	65	648	65	0
LLC Gas TSO of Ukraine	Ukraine	GCP GAZ-SYSTEM/UA TSO (en)	Poland	MWh/year	49 494 000	21 978 319	35511220	0	13 982 780	21 978 319	1943024	21 978 319	12 039 756
				M m <sup>3</sup> /year	4 380	1 945	3 143	0	1 237	1 945	180	1 945	1 058
LLC Gas TSO of Ukraine	Ukraine	GCP GAZ-SYSTEM/UA TSO (ex) <sup>1)</sup>	Ukraine	MWh/year	0	56 624 119	3 151 680	3 909 408	0	52 714 711	0	47 303 296	5 411 415
				M m <sup>3</sup> /year	0	5 011	279	346	0	4 665	0	4 189	476
Bieltransgaz	Belarus	Wysokoje	Poland	MWh/year	61 703 250	28 630 308	30886000	0	30 817 250	28 630 308	17989802	28 630 308	12 827 448
				M m <sup>3</sup> /year	5 475	2 540	2 741	0	2 734	2 540	1 592	2 540	1 142
Bieltransgaz	Belarus	Tietierowka	Poland	MWh/year	2 665 580	1 875 779	800 852	0	1 864 728	1 875 779	1 428 251	1 875 779	436 477
				M m <sup>3</sup> /year	237	166	71	0	166	166	127	166	39
AB Amber Grid	Lithuania	Santaka (en) <sup>2)</sup>	Poland	MWh/year	3 840 595	8 958 817	6 103 996	1 940 197	0	7 018 620	0	632 640	6 385 980
				M m <sup>3</sup> /year	344	803	547	174	0	629	0	71	558
AB Amber Grid	Lithuania	Santaka (ex) <sup>2)</sup>	Lithuania	MWh/year	11 386 380	5 717 809	2 992 552	100 595	8 393 828	5 617 214	6 133 621	5 617 214	2 260 207
				M m <sup>3</sup> /year	1 021	513	268	9	753	504	556	504	197
Energinet	Denmark	FAXE (Baltic Pipe entry) <sup>2)</sup>	Poland	MWh/year	28 324 032	11 996 160	23390812	0	4 933 220	11 996 160	0	9 473 868	7 455 512
				M m <sup>3</sup> /year	2 514	1 065	1 988	0	526	1 065	0	950	640
Energinet	Denmark	FAXE (Baltic Pipe exit) <sup>2)</sup>	Dania	MWh/year	8 136 987	813 699	237 792	0	7 899 195	813 699	7 713 565	813 699	185 630
				M m <sup>3</sup> /year	692	69	21	0	671	69	655	69	16
GASCADE Gastransport GmbH	Germany	Mallnow SGT (en)	Poland	MWh/year	67 452 000	55 803 013	41904936	4 072 247	25 547 064	51 730 766	0	40 609 032	36 668 798
				M m <sup>3</sup> /year	6 535	5 406	1 883	0	4 652	5 406	1 432	5 406	3 220
GASCADE Gastransport GmbH	Germany	Mallnow SGT (ex)	Germany	MWh/year	339997491	33 000 672	19434961	0	320562530	33 000 672	313597233	33 000 672	6 965 297
				M m <sup>3</sup> /year	32 939	3 197	4 060	395	28 879	2 802	28 268	2 802	612
Gazprom Transgaz Białoruś	Belarus	Kondratki	Poland	MWh/year	374901072	116 473	56368198	0	318532874	116 473	304256684	116 473	14 276 190
				M m <sup>3</sup> /year	36 321	11	5 461	0	30 860	11	29 589	11	1 272

Source: OGP Gaz-System S.A.

Related capacity products in 2022 were offered at interconnection points – Cieszyn (connection to the Czech Republic), FAXE (connection to Denmark), Santaka (connection to Lithuania), Vyrava (connection to Slovakia), Mallnow and Mallnow reverse (connection to Germany), GCP Gaz-System

Ontras (connection to Germany) and PWP (connection of the national transmission system to the transit system) – on the GSA and RBP auction platform.

In 2022, the process of ordering capacity on the GSA and RBP platform proceeded smoothly.

In accordance with Article 28(1) of the CAM NC, on 14 November 2022 the President of URE received an application for approval of an incremental capacity project for the border between the Poland-Ukraine market areas.

## BAL NC

Within the high-methane natural gas balancing zone (NTSHM), in 2022 OGP Gaz-System S.A. undertook balancing activities on TGE S.A. within the framework of standard short-term capacity products (under IDMg and DAMg), within which it purchased 285 GWh (60 balancing activities) and sold 693 GWh (141 balancing activities) in 2022.

Within the TGPS balancing zone and the nitrogenous gas balancing zone (NTSN), OGP Gaz-System S.A. did not undertake balancing activities in 2022.

The President of URE consented to gas trading in adjacent balancing zones and to gas transmission to and from these balancing zones for the purpose of performing balancing tasks. The TSO did not undertake balancing activities in the adjacent balancing zone.

Balancing services were applied at the Branice IP on the Polish-Czech border. The rules for the use of balancing services are set out in Article 8 of the BAL NC and the contract for the provision of these services, which is concluded by the TSO after a non-discriminatory tendering procedure.

OGP Gaz-System S.A. continued to apply the mechanism to ensure cost neutrality introduced by the TSO on 1 June 2020 by virtue of the decision of the President of URE of 27 May 2020 approving the "Mechanism to ensure cost neutrality of balancing activities of Gas Transmission Operator GAZ-SYSTEM S.A.". This document sets out the methodologies for calculating fees related to the cost neutrality of the operator's balancing activities.

OGP Gaz-System S.A. publishes on its website data on the total imbalance for all users at the start of each balancing period and the projected total imbalance for all users at the end of each gas day:

- for NTS: <https://www.gaz-system.pl/pl/dla-klientow/informacje-rynkowe/transparetnosc-danych.html>
- for TGPS: <https://www.gaz-system.pl/pl/dla-klientow/informacje-rynkowe/transparetnosc-danych.html>

Forecast imbalance data are published on the basis of the approved nominations (and transport forecasts in the case of NTSHM) for a given gas day (publication at 18:30 of the preceding gas day, updated after each approved renomination and change in the transport forecast).

The total actual imbalance data is published on an operational basis after the end of the gas day (14:00).

In addition, on the basis of the BAL NC, the TSO shall publish the following information:

- a) information on balancing services and the costs incurred for these services (Article 8(7))  
<https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-ksp/przesyl-gazu-ksp/bilansowanie-ksp/dzialania-bilansujace-i-srodki-tymczasowej.html>
- b) information on the costs, frequency and number of balancing activities conducted in accordance with Article 9(1) and Article 9(3) of Regulation 312/2014  
<https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-ksp/przesyl-gazu-ksp/bilansowanie-ksp/dzialania-bilansujace-i-srodki-tymczasowej.html>
- c) information on the change in the marginal purchase price and marginal selling price  
<https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-ksp/przesyl-gazu-ksp/bilansowanie-ksp/ceny-do-rozliczenia-niezbilansowania.htm>
- d) information on the total charges referred to in Article 29(1) of Regulation 312/2014 and the total balancing neutrality charges  
<https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-ksp/przesyl-gazu-ksp/bilansowanie-ksp/mechanizm-zapewnienia-neutralnosci-kosztowej.html>

- e) information on the method for calculating the daily imbalance charge (Article 20(2)) – The method for calculating the daily imbalance charge is set out in the TNC, which is published on the website TNC for NTS: <https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-ksp/iriesp-ksp.html>  
TNC for TGPS: <https://www.gaz-system.pl/pl/dla-klientow/uslugi-w-sgt/iriesp-sgt.html>
- f) Information on the principles of neutrality is posted on the TSO's website: <https://www.gaz-system.pl/strefa-klienta/taryfa/bilansowanie/mechanizm-zapewnienia-neutralnosci-kosztowej/>

## INT NC

In 2022 OGP Gaz-System S.A. continued its cooperation with the Czech operators NET4GAS s.r.o., the German GASCADE Gastransport GmbH and Ontras Gastransport GmbH and the Ukrainian LLC "Gas Transmission System Operator of Ukraine" in accordance with the provisions of the inter-operator agreements. In addition, in 2022 agreements were signed with the following operators:

- Lithuanian AB Amber Grid – agreement of 21.03.2022 – start of cooperation on 1.05.2022,
  - Slovakian Eustream a.s. – agreement of 10.11.2022 – start of cooperation on 24.11.2022,
  - Danish Energinet SOV – agreement of 3.10.2022 – start of cooperation on 1.10.2022
- OGP Gaz-System S.A. continued to comply with the following obligations under the INT NC:
- publication of the points in which the current operational balancing account (OBA) agreements apply (<https://www.gaz-system.pl/pl/dla-klientow/informacje-rynkowe/wymiana-danych.html>),
  - implementation of OBA agreements containing detailed arrangements on: nomination matching rules, rules for allocation of gas quantities, communication procedure in case of exceptional events,
  - promoting common solutions for the electronic exchange of information related to the execution of transmission contracts, which is based on the electronic document interchange (EDI) standard, in the version developed for the gas industry called EDIG@S (<https://www.gaz-system.pl/pl/dla-klientow/informacje-rynkowe/wymiana-danych.html>),
  - promotion of common data exchange solutions based on the AS4 protocol (<https://www.gaz-system.pl/pl/dla-klientow/informacje-rynkowe/wymiana-danych.html>),
  - publication of daily data (in accordance with Article 16 of the INT NC) for each interconnection point regarding Wobbe index and calorific value (<https://swi.gaz-system.pl/swi/public/#!/sgt/wobbe-Daily?lang=pl>).

All of the above information is also available in English.

## 4.2. Competition and market operation

### 4.2.1. Wholesale market

#### Natural gas acquisition and flows

Gas purchases from abroad, in the amount of 154.5 TWh, were supplemented with gas from domestic sources in the amount of 39.8 TWh. Total gas supplies from abroad in 2022 included imports and intra-Community acquisitions.

**Table 25.** Structure of gas supplies in 2022

Specification	Volume [TWh]
Supplies from abroad	154.5
Extraction from domestic sources	39.8
Change in the stocks level	-5.9

Source: URE on the basis of data of OGP Gaz-System S.A. and gas-trading companies and the Ministry of Climate and Environment.



216.2 TWh of high-methane gas and 6.8 TWh of nitrogenous gas flew through the Polish transmission system. The table below presents the most important directions of gas flow in the transmission system.

**Table 26.** Balance of trade flows\* of high-methane through the National Transmission System and the Transit Gas Pipeline System and nitrogenous gas through the National Transmission System in 2022 [TWh]

Gas type	High-methane gas	Nitrogenous gas
Entry to the system in total	<b>216.2</b>	<b>6.8</b>
Out of which:		
mines and denitrification plants	22.3	3.1
storages	22.4	0.0
non-EU supplies	39.6	0.0
supplies from the EU	66.1	0.0
LNG terminal	64.3	0.0
other (entries from distribution)	1.5	3.7
Exit from the system in total	<b>216.2</b>	<b>6.8</b>
Out of which:		
mixing plants and denitrification plants	0.0	1.1
storages	28.1	0.0
to the distribution network	135.3	5.5
to final customers on the transmission network	36.3	0.2
supplies to the EU [MWh]	9.9	0.0
supplies outside the EU	5.4	0.0
operator's own needs (including change in operational balancing accounts)	1.2	0.0

\* The data refers to the amount of gas injected into the network and off-taken from the transmission network as a result of execution of transmission contracts by the TSO. The data may differ from physical flows in the system.

Source: URE on the basis of data of OGP Gaz-System S.A. and EuRoPol GAZ S.A.

## Trade in natural gas

At the end of 2022, 176 entities held a licence for gas fuels trading compared to 180 at the end of 2021. In contrast, 89 companies actively participated in natural gas trading. Gas trading companies from outside the GK PKN Orlen acquired 78.6 TWh of natural gas. The data on purchase and sale of gas by trading companies are presented in the table below. This value does not incorporate acquisition for own needs by trading companies under monitoring and gas acquisition by energy companies which are large final customers at the same time.

**Table 27.** Volumes of gas acquired and sold under wholesale trading by the surveyed trading companies in 2022 [TWh]

	Total	GK PGNiG	Other trading companies
Gas acquisition (purchase and extraction)	431.3	362.7	68.6
Wholesale sales of gas	184.1	148.1	36.0

Source: Data of the Ministry of Climate and Environment and URE.

## Natural gas exchange

The sale and purchase of gas fuels on the Polish wholesale market takes place primarily on the commodity exchange operated by TGE S.A. (Commodity Market – CM and as of 1 May 2020 – Organized Trading Facility – OTF). Exchange market participants are mainly gas fuel trading companies and the largest final customers which can act independently after concluding an appropriate agreement with TGE S.A., becoming members of CM or OTF, respectively, or through brokerage houses



or through other entities having the status of a CM and OTF member from its own group which may conclude transactions for the benefit of other entities belonging to the same group.

Stock exchange trading takes place by concluding sales agreements (transactions) between members of CM and OTF.

In 2022 TGE S.A operated the following gas markets: Intra-day Market (IDMg), Day-Ahead Market (DAMg) and Gas Forwards Market (GFM) of the Organized Trading Facility (OTF).

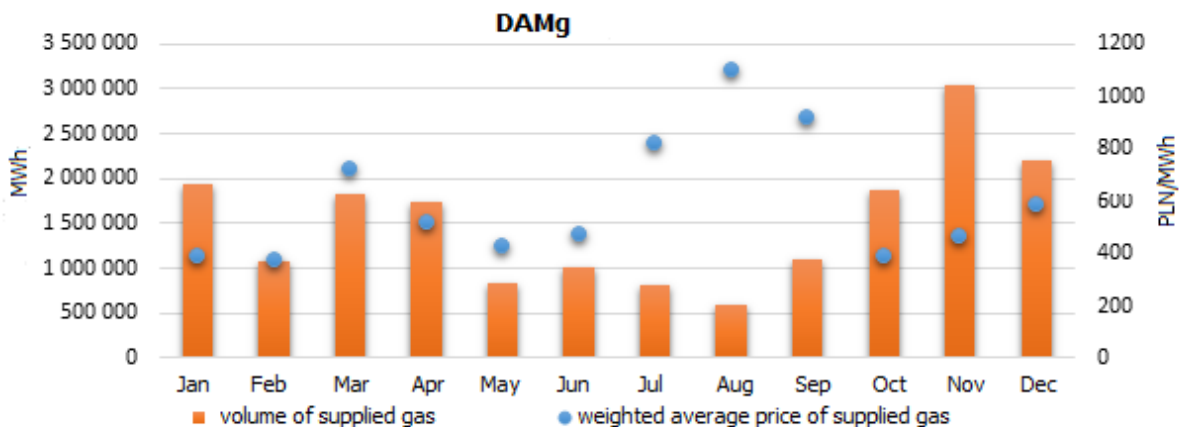
Subject of trade on the GFM OTF was the supply of gas in equal volumes at all hours of the delivery period in line with the instrument standard (weekly, monthly, quarterly and yearly).

Subject of trade on the gas Day-Ahead Market for gas (DAMg) is the supply of gas in equal volumes at all hours of the delivery day. It is a base instrument and one contract corresponds to the delivery of 1 MWh of gas in each hour of the delivery day. Trading is conducted during one day preceding the date of delivery in the continuous trading system. In addition, the subject of trading on the day-ahead gas market are weekend instruments with the delivery period from 6:00 a.m. on Saturday to 6:00 a.m. on Monday (gas weekend) in the equal amount of 1 MWh for each hour of the contract execution deadline. Quotations of the weekend instrument are carried out for two days preceding the delivery period.

Trading on the Intra-day Market (IDMg) is conducted in the continuous trading mode.

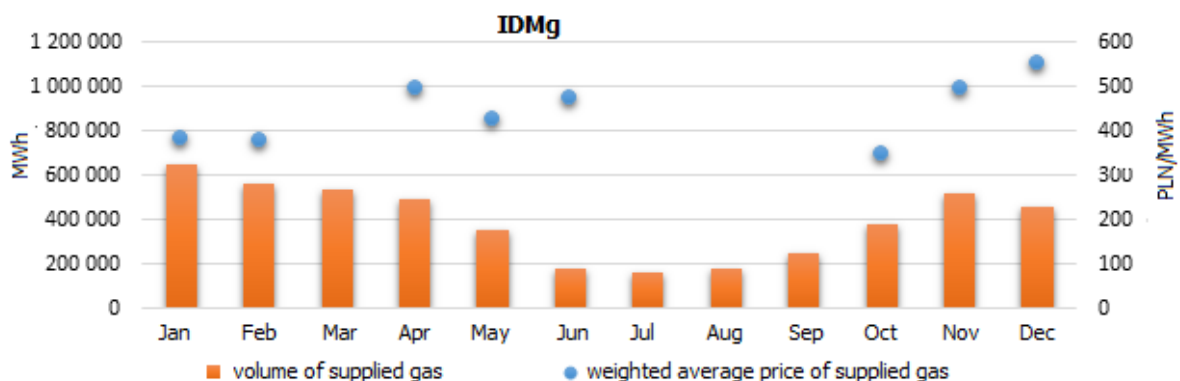
The figures below show the volume and price of gas delivered under contracts concluded on the DAMg, IDMg and GFM OTF.

**Figure 34.** Volume and weighted average monthly price of gas supplied as a result of the performance of contracts executed on the DAMg in 2022



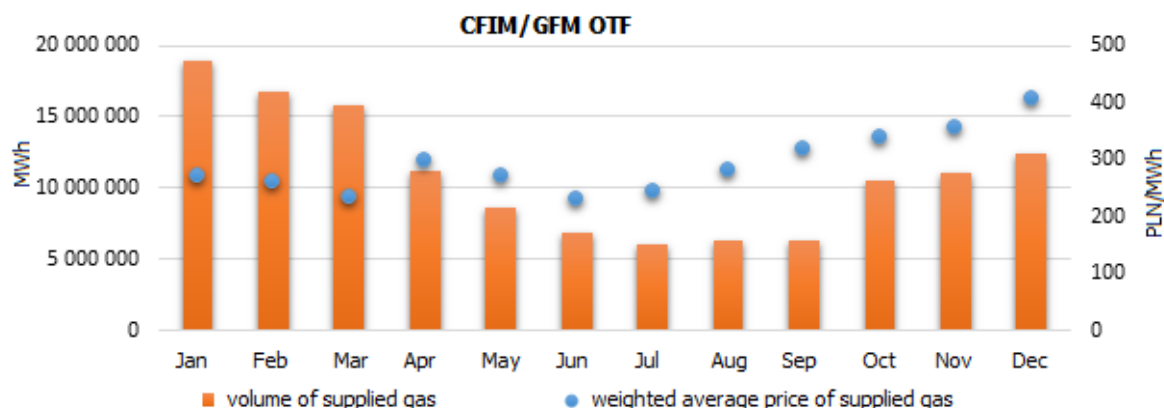
Source: Own analysis on the basis of data provided by TGE S.A.

**Figure 35.** Volume and weighted average monthly price of gas supplied as a result of the performance of contracts executed on the Intra-Day Market (IDMg) in 2022



Source: Own analysis on the basis of data provided by TGE S.A.

**Figure 36.** Volume and weighted average monthly price of gas supplied as a result of the performance of contracts executed on the Commodity Forward Instruments Market and Gas Forward Market (GFM) on OTF, performed in 2022



Source: Own analysis on the basis of data provided by TGE S.A.

In 2022, as a result of the execution of contracts concluded on TGE S.A., 153,661,626 MWh of natural gas were delivered in the whole quotation period of a given contract type at the average price of 330.63 PLN/MWh (18,061,483 MWh on the DAMg at the average price of 552.48 PLN/MWh; 4,707,448 MWh on the IDMG at the average price of 527.46 PLN/MWh and 130,892,695 MWh on the GFM OTF market at the average price of 292.94 PLN/MWh).

#### Trading in high-methane natural gas in the virtual point on the OTC market

In 2022, the President of URE also monitored transactions concluded at the virtual point on the Over-the-Counter market. As a result of performance of contracts executed in the virtual point on the OTC market, regardless of the contract conclusion date, a total of 22.0 TWh of natural gas was delivered at an average price of 524.74 PLN/MWh. The prices in particular quarters are presented in the Table below.

**Table 28.** Comparison of average prices of natural gas under contracts of sales in the virtual point on OTC, sales via TGE S.A. and purchase from abroad, in particular quarters of 2022 [PLN/MWh]

	Quarter I	Quarter II	Quarter III	Quarter IV
Average prices from contracts on sales in the OTC virtual point with delivery in a specified period	423.55	360.22	575.75	567.53
Average prices from contracts on sales via TGE S.A. with delivery in a specified period	283.89	302.78	374.03	392.61

Source: URE.

#### 4.2.2. Retail market

The Act of 26 January 2022 introduced, for the period from 1 January to 31 December 2022, a mechanism for freezing gas fuel prices for consumers covered by a tariff approved by the President of URE. The adopted solutions excluded the possibility of increasing the prices and tariff rates of gas fuel in 2022. At the same time, during the reporting year, legislative work was underway to prepare solutions aimed at protecting consumers of gas fuels from excessive price increases in the following

year. As a result of this work, on 21 December 2022, the provisions of the Act of 15 December 2022 entered into force, which maintained the price freeze mechanism.

In addition, the provisions of Article 1 of the Act of 5 August 2022 amended Article 62b of the Energy Law Act, thereby extending the obligation to submit tariffs for the consumers indicated in this provision to the President of URE for approval until 31 December 2027, so the abolition of the obligation in question was postponed until 2028.

The retail gas market is understood as the market for sales to final customers, irrespective of the volume of fuel purchased. On the supply side, at the end of 2022, 124 suppliers had contracts in place with the TSO allowing sales on the retail market (a decrease of 9 compared to 2021), and in the area of the distribution network (PSG Sp. z o.o.) the number of contracts amounted to 57 (a decrease of 16 compared to 2021). Suppliers, in order to operate on the retail market, concluded contracts with individual (transmission and distribution) system operators. The maximum number of contracts concluded by one seller was 18, and in the network of the largest DSO – PSG Sp. z o.o. – 37 suppliers of high-methane natural gas were actively selling (at least one valid contract with a customer). As at 31 December 2022, there were 51 distribution system operators in the natural gas market.

In 2022, 27 natural gas trading companies and 11 of the largest DSOs were included in the detailed assessment by the President of URE<sup>108)</sup>. The DSOs included in the study had 6,994,305 customers (7,189,602 gas consumption points) connected to the network for high-methane gas and 382,152 customers (395,566 gas consumption points) for nitrogenous gas.

In addition to customers connected to the operators' networks, many customers of the trading companies purchase gas in liquefied form (LNG), transported by tankers, directly to the receiving facility. Part of the LNG, after regasification, is fed into distribution networks and supplied to customers via this route. In 2022, the total volume of sales of LNG in liquefied form by the surveyed suppliers, to final customers, amounted to 1,101,353,496 MWh, which, compared to the data for 2021, means a decrease in volume by 31.79%. The structure of LNG consumption in individual branches of the economy is dominated by industry (60.30%). The share of LNG sales in other segments was as follows: services and trade – 38.83%, agriculture – 2.71%, households – 2.23%, and the lowest sales were recorded in the utilities segment (0.79%).

**Table 29.** Structure of LNG sales to final customers in 2022 [MWh]

	Alternative suppliers	GK PGNiG	Total
Gas sales to final customers by trading companies operating in the country	780 869	320 484	<b>1 101 353</b>
including: industry	507 471	103 129	<b>610 600</b>
agriculture	29 857	0	<b>29 857</b>
trade and services	210 250	217 355	<b>427 605</b>
public utility	8 722	0	<b>8 722</b>
households	24 569	0	<b>24 569</b>

*Source: URE on the basis of data from a survey.*

In the reporting year, however, total sales of high-methane and nitrogenous gas fuel to final customers amounted to 171,795,031 MWh, of which most, as much as 56.44%, went to industrial customers and 32.71% to households. Total sales decreased by approximately 16.86% compared to 2021 (when it amounted to 206,626,689 MWh), with decreases in sales recorded in agriculture

<sup>108)</sup> With effect from 2 November 2022 PKN Orlen S.A. assumed all the rights and obligations of the company under the name of PGNiG S.A., however, due to the fact that most of the year the companies operated within the PGNiG Group, in the section of the President of URE's Report on the presentation of the results of the natural gas market monitoring, the previous methodology, i.e. PGNiG Group and other companies, was adopted for the last time. The scope of data requested in the study is identical to the data reported to the Energy Market Agency S.A., which were reported separately by PKN Orlen S.A. and ex-PGNiG S.A. until the end of 2022.

(32.42%), services and trade (23.82%), industry (23.12%) and sales to household customers (5.17%). The utilities sector, on the other hand, saw an increase in sales of 21.27%. The most likely reason for the decline in natural gas sales in the indicated segments was the difficult situation in the gas market in 2022 due to high prices for the product on the wholesale market.

**Table 30.** Structure of sales of high-methane and nitrogenous gas to final customers in 2022 [MWh]

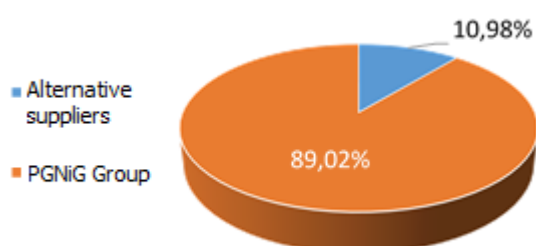
	Alternative sellers	GK PGNiG	Total
Gas sales to final customers by trading companies operating in the country	18 865 737	152 929 294	171 795 031
including: industry	10 664 107	86 299 622	96 963 729
agriculture	119 362	309 393	428 755
trade and services	4 553 875	7 359 499	11 913 374
public utility	890 475	5 397 813	6 288 288
households	2 637 918	53 562 968	56 200 886
own use	90 697	1 877 452	1 968 149
<b>Total</b>	<b>18 956 434</b>	<b>154 806 746</b>	<b>173 763 180</b>

Source: URE on the basis of data from a survey.

The retail market for natural gas (high-methane and nitrogenous) is characterised by strong concentration. The share of PGNiG Group entities in sales of gas to final customers connected to distribution networks amounted to just over 89% (88.7% for high-methane gas and 92.5% for nitrogenous gas) and increased by 0.3% year-on-year. The share of PGNiG Group entities in the retail market for liquefied natural gas (LNG) also increased, reaching 29% (in 2021, the share was 19.25%).

The increase in the PGNiG Group's share in the sale of gaseous fuel to final customers connected to the distribution system has continued since 2017. However, it should be highlighted that in 2022 this increase, as indicated above, was very small. The largest increase in the shares of PGNiG Group entities took place in the utilities area (by 8.87%). By contrast, in the trade services segment, the PGNiG Group's share fell to 61.77% compared with the previous year (68.13%), a decrease of 6.36 percentage points. It is worth noting that the PGNiG Group's share of sales to household customers increased by only slightly more than 0.1% year-on-year (95.3% in 2022, 95.16% in 2021).

**Figure 37.** Share in the sales of high-methane and nitrogenous gas in 2022 (broken down by volume of gas sold)



Source: URE on the basis of data from a survey

In contrast, the share of gas sales to final customers made by alternative trading companies selling to final customers in the country was 10.98% (compared to 11.26% in 2021). The value of the share of these suppliers varies by economic sector, from 38.22% in the services and trade sector (against 31.87% in 2021) to 4.69% in the household group.

The Herfindahl-Hirschman index for the high-methane natural gas market in 2022 was 9,499 – by the number of customers and 7,874 – by the volume of gas sold<sup>109</sup>.

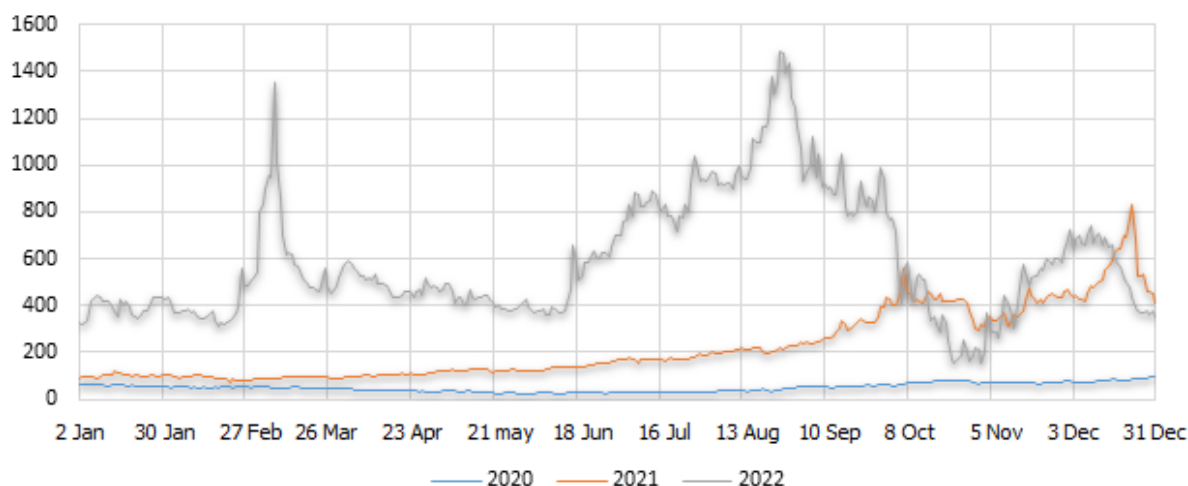
In the area of the transmission network, there was one supplier of last resort – PGNiG OD Sp. z o.o., while in the distribution network there were several suppliers able to provide backup supply. Between 1 January and 31 December 2022, supply of last resort, or supply conducted under Article 5ab of the Energy Law Act<sup>110</sup> were launched by the DSOs for 32,115 gas consumers (both high-methane gas and nitrogenous gas). Of these, more than 99% of consumers (31,882) were high-methane gas consumers in tariff group W 1-4 (contracted capacity of no more than 110 kWh/h), while in group W 5-13 high-methane gas consumers accounted for 0.7% of consumers. In the case of nitrogenous gas, on the other hand, backup supplies were launched for five consumers (in four cases these were households).

#### 4.2.2.1. Monitoring the level of prices, the level of transparency, the level and effectiveness of market opening and competition

##### *Tariffs for gas fuels*

2022 was another year of major changes in gas fuel prices. Since the beginning of the year, gas prices were rising. We were faced with a very dynamic and hitherto unseen situation on the European gas market, due in particular to the outbreak of war in Ukraine, resulting in high prices for this fuel. The cost of acquiring natural gas was rising, both in the case of purchases of gas products on TGE S.A. or other trading platforms and in B2B contracts. The situation on the gas market in 2020–2022 can be traced to the development of prices on TGE S.A.'s Day-Ahead Market during this period.

**Figure 38.** Gas price quotations on the day-ahead market (TGEgazDA) in 2020–2022 [PLN/MWh].



Source: TGE S.A.

In 2022, the obligation to approve tariffs applied to gas sales to household consumers. By the Act of 26 January 2022 on Special Solutions for the Protection of Customers of Gaseous Fuels in Connection with the Situation on the Gas Market, this group was extended to include certain categories of

<sup>109</sup> The Herfindahl-Hirschman index (HHI) is defined as the sum of squares of individual market shares of all companies forming a given branch: HHI > 5,000 – very high concentration, HHI from 1,800 to 5,000 – high concentration, HHI from 750 to 1,800 – medium concentration, below 750 – low concentration (according to the "Report on progress in creating the internal electricity and gas market", Brussels 2005 and J. Kaminski: *Methods for estimating market power in the energy sector*, Polityka Energetyczna, Volume 12, Paper 2/2, 2009).

<sup>110</sup> Pursuant to Article 5ab of the Energy Law Act.

consumers that are entities performing public utility tasks (including hospitals, schools, nurseries, kindergartens, night shelters, etc.). This was a consequence of the gas market situation (the level of gas prices and the previously unseen extent of its volatility).

As a consequence of this situation, companies supplying gas fuels (that is, suppliers of gas to consumers under tariff), applied to the President of URE for approval of changes to the tariffs currently in force, in the part concerning gas prices for these consumers. A significant increase in the prices of gaseous fuels also occurred in the applications for subsequent tariffs submitted to the President of URE for approval.

Energy companies calculate tariffs on the basis of justified costs, that is, those costs that are necessary to be incurred in order to perform the obligations related to the activity they conduct – in this case, the selling of gas fuels. However, due to the entry into force on 10 December 2021 of the Act of 2 December 2021 amending the Energy Law Act<sup>111)</sup>, energy companies could, until 30 June 2022, submit to the President of URE a tariff for gas sales to tariff consumers calculated on the basis of only a part of justified costs, that is, the part of the cost of gas purchase. On the other hand, a supplier will be able to recover the part of costs not included in the approved tariff in subsequent tariffs in force from the beginning of 2023 or prices and fee rates set on competitive markets, for the next three years, that is, until the end of 2025.

In 2022, this right was exercised by seven gas suppliers.

As a result of a significant price increase – by the Act of 26 January 2022, for the period from 1 January to 31 December 2022, for consumers covered by tariff protection, a mechanism was introduced to freeze the price of gas fuels at the level of PLN 200.17/MWh. This price was at the same time a maximum price, which meant that consumers who had previously concluded a contract with a supplier providing for a lower price were subject to this lower price until the expiry of the contract.

As already mentioned, the Act of 26 January 2022 also expanded the catalogue of entities covered by tariff protection to include entities performing public utility tasks; it also clarified the provisions on tariff protection for natural gas consumers in multi-apartment buildings.

On 21 December 2022, another act aimed at protecting consumers of gas fuels came into force – namely the Act of 15 December 2022. This Act, among others, established for 2023 the maximum price of gas fuels for consumers referred to in Article 62b para. 1 item 2 of the Energy Law Act at the level of PLN 200.17/MWh and set the rates for the provision of distribution services at the level of the rates from the last tariff applied in 2022, as well as defined the mechanism for providing compensation to energy companies, in connection with the aforementioned mechanisms protecting gas fuel customers.

In 2022, tariffs set by energy companies for the sale of natural gas were subject to approval by the President of URE in cases where gas is sold to consumers referred to in Article 62b para. 1 item 2 of the Energy Law Act, including household consumers. The tariff of PGNiG Obrót Detaliczny Sp. z o.o. is of key importance, as the company supplies gas fuels to more than 90% of household consumers.

### *Supplier switching*

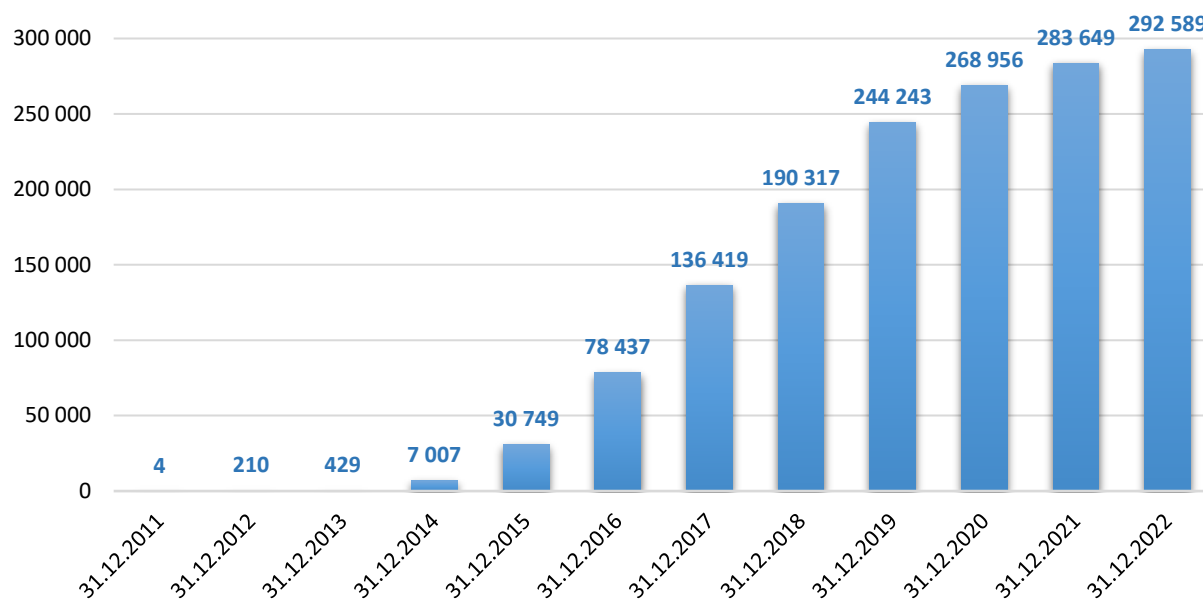
Due to the right to access to the gas network arising from Article 4 para. 2 of the Energy Law Act and, at the same time, the obligation of the energy company engaged in the transmission or distribution of gas fuels to perform any contract for the purchase of these fuels, consumers were given the opportunity to purchase natural gas from any supplier of their choice already in 2007. However, the number of supplier switching (the ability to exercise the right to choose a supplier) does not depend solely on the right granted, but also on other factors such as: the development of market infrastructure, the state of competition, as well as consumer awareness and activity. The President of URE systematically monitors the degree to which gas fuel consumers actually exercise their right to switch a supplier. The analysis of the data from the completed surveys reveals an annual increase in the number of consumers switching their supplier; however, from 2016 onwards, the dynamics of

---

<sup>111)</sup> Journal of Laws of 2021 item 2271.

these changes has been decreasing year by year. The data presented below (in cumulative terms) illustrate the development of TPA in Poland over the past period.

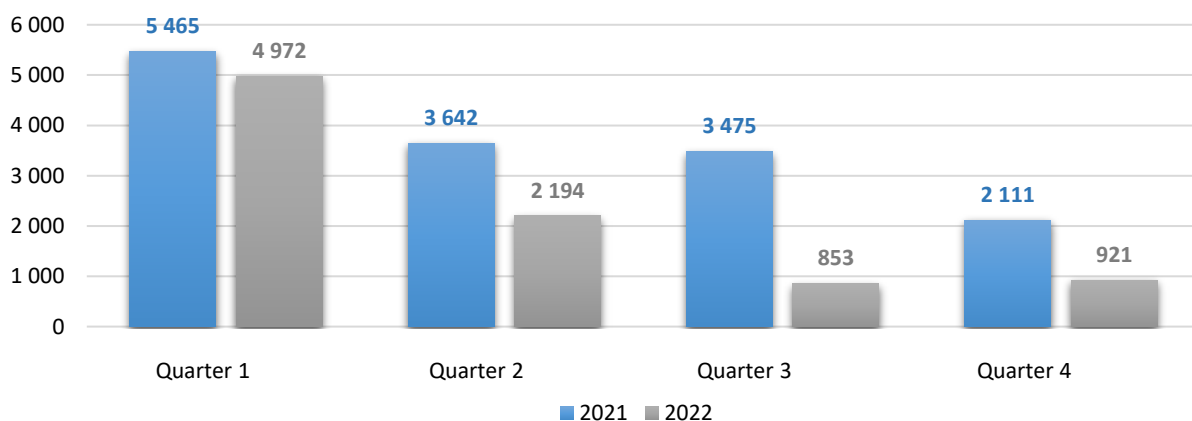
**Figure 39.** Number of cases of natural gas supplier switching by consumers (cumulatively)



Source: URE on the basis of data presented by the DSO.

At the end of 2022, the number of supplier switching cases (cumulative) was 292,589. This means that 8,940 consumers joined the group of consumers who switched supplier during 2022. This number represents approximately 60.85% of the corresponding number from the previous year (14,693 consumers).

**Figure 40.** Number of gas supplier switches by number of consumers in real terms – comparison quarter-on-quarter in the years 2021–2022



Source: URE on the basis of data presented by the DSO.

The majority of supplier switching cases in 2022 (just under 56% ) were recorded in the first quarter and represented the execution of contracts concluded in 2021, however, the number of such switches represented as much as 99.9% of the number of switches in the corresponding period of 2021. In the subsequent quarters of 2022, the number of supplier switching cases



gradually decreased and in the third quarter was only 24.57% of the number of switches in the third quarter of 2021. In the fourth quarter of 2022, the number increased slightly, but still only accounted for 43.58% of the number of supplier switches in the last quarter of 2021. The reason for the gradually decreasing number of supplier switching cases is the reluctance of consumers to take the risk of seeking a different supplier on the market than the default supplier during a difficult market situation. In addition, in view of the significant increase in purchase prices (and the associated risks), suppliers have significantly reduced their offerings and, in some cases, there has even been a termination of contracts before they take effect.

Despite the very high degree of monopolization of the gas market and difficult market conditions, 8,940 natural gas consumers switched gas supplier in 2022, representing 0.1% of total customers. A comparison of the share of consumers who switched supplier in 2022 to the value for 2021 (0.16%), shows a decrease of just over 30% in this share.

### *Compliance Programmes*

There were two approved Compliance Programmes in force in 2022 – that of the distribution system operator and that of the gas storage system operator. The operators fulfilled their obligation to publish the Compliance Programmes on their websites.

Reports on the implementation of the Compliance Programmes for 2022 were submitted to the President of URE within the statutory deadline – by the end of March 2023. Analysis of the content of the reports indicates the growing importance of the Programme and the role of the Compliance Officer.

Compliance Officers undertook education and training activities on the Compliance Programmes, the obligations of employees and the companies' management regarding operator independence and non-discriminatory treatment of system users, and the consequences of possible violations, including possible sanctions. Newly hired employees were trained within one month of their date of employment and submitted the required declarations, with a commitment to comply with the Compliance Programme. Compliance Officers were also involved in the interpretation of the provisions of the Compliance Programmes, advice, consultation, interpretation of regulations and processing of applications in cases requiring clarification. In 2022, a crucial element of the activity of the Compliance Officer of PSG Sp. z o.o. was the issuing of opinions and positions, providing an assessment of the considered facts of the case and risks associated with taking certain actions. Last year, they gave opinions mainly in the areas of research and development, communication, purchasing, real estate, ICT, gas network development, implementation of holding regulations, international issues (namely establishing cooperation with DSOs from other countries), protection of sensitive information, projects, controlling and investments. The company has the "Regulations for research, development and innovation cooperation with external entities" in place, which are published on the PSG Sp. z o.o.'s website. The Compliance Officer also participated in the review of agreements that the company concluded with external entities.

In 2022, a significant change occurred in the gas market (acquisition of PGNiG S.A. by PKN Orlen S.A.) which directly affects PSG Sp. z o.o.. As a consequence, the DSO became part of a holding of approximately 260 companies, for which PKN Orlen S.A. is the parent company. PKN Orlen S.A. (like the previous shareholder of the operator) holds a licence for trading in gaseous fuels. Therefore, as indicated in the report of PSG Sp. z o.o., adherence to compliance rules is a fundamental area of the company's activity, given the fact that the DSO is now part of the Orlen Group, which includes the sellers of gaseous fuel with the largest share in the wholesale and retail gas sales. Numerous opinions issued by the officer concerned the company's marketing activities and corporate branding, as well as the correct communication policy inside and outside the organization, including within the former PGNiG Group and the Orlen Group.

Further to the above change, the SSO's Compliance Officer has been involved in the process of reviewing the feasibility of sharing certain data relating to this operator and the extent of SSO's involvement in the planned joint processes of the group companies.

Compliance officers were also involved in evaluating some of the operator's planned activities, including in the context of group-wide undertakings. Where objections were raised, conduct that did not violate legal compliance standards was given priority over business objectives. Officers gave their opinion on draft regulations, new rules, contracts and other documents before their adoption by the operator's management, including liaising with the operator's other services on the measures to be applied for the protection of sensitive information.

The regulations of the Compliance Programme also apply to external contractors of the operator's companies, to service providers, as well as to other entities interested in access to data, such as local governments. Any cooperation with third parties that involved the transmission of commercially sensitive information was carried out on the basis of a non-disclosure agreement.

In 2022, no conflicts of interest within the meaning of the Compliance Programme or violations of the principle of equal and non-discriminatory treatment of users were identified in both DSOs and SSOs. The Compliance Officers and the President of URE did not receive any complaints regarding violations of the Compliance Programme either, nor were there any notifications of suspected conflicts of interest.

The information gathered by the Compliance Officers makes it possible to conclude that, in 2022, the provisions of the Compliance Programmes of both operators were properly implemented.

In 2022, however, URE received a letter from one of the Compliance Officers requesting an assessment and interpretation of the provisions of the Compliance Programme relating to the obligation to treat the system equally, in the context of the regulations introduced under the Act of 13 April 2022 on Special Arrangements for Counteracting the Support of Aggression against Ukraine and for the Protection of National Security<sup>112</sup>). Regarding this doubt, the President of URE pointed to the content of Information No. 27/2022 published on the Office's website, from which it arises that, in the opinion of the President of URE, the decision of the minister competent for internal affairs to include an entity on the "sanction list" and subjecting it to the sanction of freezing financial resources and economic resources, constitutes an automatic basis for the "freezing" ("suspension") of licences and other decisions of the President of URE related to the regulation of conducting business on the market for electricity, heat and gaseous and liquid fuels, and the listed entity is de facto deprived of the possibility of continuing any economic activity in the territory of Poland, as a result of which it automatically loses the status of a system user.

In the past year, there were no complaints to URE regarding the implementation or violations of the Compliance Programmes.

Reports on the implementation of the Compliance Programmes are published on the URE's website.

### *Suspension of supplies*

Pursuant to the provisions of the Energy Law Act, the supply of gas fuels may be suspended in the event when 1) as a result of an inspection it has been established that an illegal consumption of gaseous fuels has occurred, 2) the consumer is in arrears with payment for the services provided, at least for 30 days after the expiry of the payment deadline and has failed to pay the amount due, despite being summoned.

According to the monitoring carried out by the President of URE, in 2022 gas deliveries were suspended for 37,344 high-methane gas consumers (of which 35,837, that is 95.96% are consumers in tariff groups W 1-4) and 2,522 nitrogenous gas consumers (of which 2,323, that is 92.11% are households). The reason for the majority of supply suspensions (77.3% – high-methane gas and 72.1% – nitrogenous gas) was the failure to make timely payment for the natural gas received.

---

<sup>112</sup>) Journal of Laws of 2022 item 129, as amended.

#### 4.2.2.2. Consumer protection and dispute settlement

The competences of the President of URE in the field of consumer protection, dispute resolution and the system of out-of-court dispute resolution are described in section 3.2.2.2.

### 4.3. Security of supply

Pursuant to the Energy Law Act (Article 12) in conjunction with Article 7a para. 2 item 3 of the Act of 4 September 1997 on Branches of Government Administration<sup>113)</sup> in conjunction with Article 1 para. 2 item 1 of the Regulation of the Prime Minister of 6 October 2020 on the Detailed Scope of Activities of the Minister for Climate and Environment<sup>114)</sup>, in 2022 the minister competent for energy was the state body responsible for energy policy, including issues related to energy security and in particular covering the supervision of the security of gas supply. These competences were exercised in 2022 by the Minister of Climate and Environment.

These included the tasks of the competent authority within the meaning of Regulation 2017/1938<sup>115)</sup>, that is the authority responsible for implementing the measures set out in the aforementioned Regulation to safeguard the security of natural gas supply.

Nevertheless, considering the concept of state fuel security defined in the Act on Stocks, in the case of natural gas, as a state enabling current coverage of customer demand for natural gas in a specified volume and period of time, to the extent ensuring proper functioning of the economy – security of natural gas supplies understood as ensuring customers' access to energy of a specified quality and at transparent, cost-based prices, is an area of energy security which is also monitored by the President of URE under statutory regulations.

Monitoring of the security of gas fuels supply, carried out in 2022, was focused on the areas of the market functioning which related in particular to the issues referring to:

- **licences**

Licences for foreign trade in natural gas are issued with consideration of diversification of natural gas supplies and energy security. An energy company dealing with foreign trade in natural gas is obliged to diversify natural gas supplies from abroad (Article 32 para. 2 of the Energy Law Act). In addition, in 2022, licences for foreign trade in natural gas included a condition relating to the obligation to diversify natural gas supplies. As part of the procedure for granting licences for foreign trade in natural gas, the President of URE also verifies whether the applicant has submitted a declaration undertaking to comply with the diversification obligation;

- **diversification of natural gas supplies from abroad**

In 2022, the President of URE monitored compliance with the provisions of the Ordinance of the Council of Ministers of 24 April 2017 on the minimum level of diversification of natural gas supplies from abroad by energy companies licensed to foreign trade in natural gas in 2021. The monitoring covered 21 entities. Due to the need to supplement the information and documentation provided, these activities were continued in 2023. On the other hand, the proper fulfilment of the 2022 diversification obligation by energy companies holding a licence for foreign trade in natural gas in 2022 will be monitored by the President of URE in 2023;

- **tariffs**

An indirect method of monitoring the security of gas fuels supply is tariffing of infrastructure companies. In the course of the tariff process, the extent of financing of assets (transmission, distribution, storage and liquefied natural gas installations), necessary for the supply of fuels to customers, is resolved. The amount of investment expenditures on network assets and the amounts

<sup>113)</sup> Journal of Laws of 2022 item 2512.

<sup>114)</sup> Journal of Laws of 2021 item 1949.

<sup>115)</sup> Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) 994/2010 (EO OJ L 280).

allocated to repairs and modernization of these assets determine their physical condition, that is operational security. A review of the annual and quarterly reports submitted by the companies of the PKN ORLEN Group (formerly the PGNiG Group) and OGP Gaz-System S.A. indicates that the approved tariffs have ensured a good financial standing of the companies, and thus the possibility to finance investment, modernization and repair works plans;

- **approval of plans for introducing natural gas consumption restrictions developed by operators**

Pursuant to Article 56 para. 1 of the Act on Stocks, the Council of Ministers, at the request of the minister in charge of energy, may introduce by means of an ordinance, restrictions for a specified period of time, on the territory of the Republic of Poland or a part thereof, taking into account the importance of customers for the economy and functioning of the state, in particular the tasks performed by these customers and the period for which these restrictions will be introduced. At this point, it should be emphasized that the introduction of restrictions on the natural gas consumption by the Council of Ministers, pursuant to Article 56 para. 1 of the Act on Stocks, may take place only in special situations, namely in the event of the declaration of a state of emergency referred to in Article 49a para. 2 of this Act and when other measures aimed at restoring the state's gas security would prove insufficient. The introduction of the aforementioned restrictions is intended to allow for the achievement of natural gas savings sufficient to ensure the state's gas security and to guarantee gas supplies to protected customers in the contracted quantities, despite the restrictions on natural gas consumption in force.

The legal acts constituting the obligations concerning the drawing up of plans for introducing restrictions in the natural gas consumption are the aforementioned Act on Stocks and the Ordinance of the Council of Ministers of 17 February 2021 on the Manner and Procedure for Introducing Restrictions in the Off-take of Natural Gas<sup>116)</sup>. Pursuant to the provisions of Article 58 para. 1 of the Act on Stocks, gas transmission system operators, gas distribution system operators and gas interconnection system operators or energy enterprises acting as operators are obliged to develop a plan for introducing restrictions in the natural gas consumption. Pursuant to Article 58 para. 17 of the Act on Stocks, the aforementioned operators update the plans for introducing restrictions annually and submit them, by 15 November of a given year, to the President of URE for approval by way of a decision. The aforementioned Ordinance specifies the manner and procedure for the introduction of restrictions in the natural gas consumption, including:

- 1) the manner in which the restrictions will be implemented,
- 2) the types of customers covered by the restrictions,
- 3) the scope and period of protection of customers from the introduced restrictions, in particular natural gas consumers in households, in the event of:
  - a) a shortage of natural gas in the gas system;
  - b) the occurrence of extremely low external temperatures in the period of the highest demand for natural gas in the gas system,
- 4) the scope of the restriction plans referred to in Article 58 para. 1 of the Act on Stocks and the manner of determining in them the volume of such restrictions,
- 5) the manner of announcing information on restrictions,
- 6) the manner of cooperation of gas distribution system operators and natural gas storage system operators with the gas transmission system operator in the period of duration of restrictions, including the scope of transmitted information.

The year 2022 was the first full year of validity of the restriction plans developed on the basis of the amended Restrictions Ordinance. The new restrictions ordinance introduced a number of significant changes to increase the efficiency of the mechanism for introducing restrictions on natural gas consumption. These include, among others:

- 1) the introduction of a category of "protected customers", some of whom:
  - a) are not subject to restrictions, irrespective of the level of supply limitations introduced;

---

<sup>116)</sup> Journal of Laws of 2021 item 549, hereinafter: "the Restrictions Ordinance".

- b) are subject to restrictions only in supply limitation level 12 (protected customers referred to in Article 7 para. 7 of the Ordinance);
  - c) are subject to restrictions in a part of their operations (to the extent not defined for protected customers),
- 2) subjecting a larger group of customers to restrictions in natural gas off-take, that is, all natural gas customers not classified as protected customers for a given level of supply limitations,
  - 3) defining supply limitation levels in a different way (introducing supply limitation levels from 1 to 12 instead of the current 10),
  - 4) the use of values expressed in energy units to define the supply limitation levels,
  - 5) introduction of a mechanism allowing operators to develop a restriction plan when certain information is not provided by customers,
  - 6) clarification of the manner of announcing the applicable supply limitation levels, in particular by introducing the obligation to make them public 10 hours in advance.

The need to adapt the provisions of the Ordinance also arose from Regulation 2017/1938. The Ordinance allowed for the categorization of customers in a manner consistent with the mechanisms of the Regulation, among others, the group to be protected under solidarity support was identified.

In 2022, the President of URE responded to numerous letters from customers included in the aforementioned plans. This was associated with a significant increase in the number of customers included in the plans, which resulted in a surge in the number of inquiries and various types of proposals for restriction plans. The identified customers due to the type of activity generally requested: (i) to be protected (partially or fully) with regard to the application of possible restrictions on natural gas consumption, (ii) to change the volume of the approved maximum off-take capacities in a given supply limitation level, (iii) to clarify the calculation of the volume of fines for non-application of restrictions, etc. URE received inquiries from natural gas customers representing a wide range of industries (e.g. food, steel, glass, services) and institutions (e.g. kindergartens, military units, embassies) of varying importance for the economy and functioning of the state. The mentioned letters concerned both large natural gas customers subject to restrictions in supply limitation levels 1 to 12, as well as protected customers subject to restrictions in supply limitation degree 12 only. Any doubts regarding the development of restriction plans were clarified on an ongoing basis with stakeholders, and justified comments from customers are taken into account by the President of URE in the opinion process during legislative work.

In accordance with the provisions of the Ordinance on Restrictions, the restriction plan consists of two parts. The first part contains information on (i) the duration of the restriction plan, (ii) the aggregate maximum hourly and daily natural gas off-take quantities for individual supply limitation levels from the first to the twelfth expressed in energy units – specified in a given plan for individual types of natural gas, drawn up in the form of a table, (iii) the generation units referred to in Article 4 para. 4 of the Ordinance, as determined by the gas transmission system operator after taking into account the opinion of the electricity transmission system operator. The second part of the plan shall contain information on the average hourly and daily volumes of natural gas referred to in Article 7 para. 3, as well as the determination of the maximum hourly and daily volumes of natural gas off-take in supply limitation levels one to twelve expressed in energy units by individual customers connected to the network, with the exception of protected customers.

Operators shall inform customers of the maximum natural gas off-take volumes established for them in the approved restriction plan in individual supply limitation levels. Pursuant to Article 58 para. 3 of the Act on Stocks, these volumes specified in the approved restriction plans shall become an integral part of sales contracts, contracts for the provision of natural gas transmission or distribution services and comprehensive contracts, within the meaning of Article 5 para. 2 items 1 and 2 and para. 3 of the Energy Law Act.

Operators obliged to do so provided URE with a total of 48 applications for approval of the plan for introducing restrictions in natural gas consumption for the 2022/2023 season (in the previous 2021/2022 season 49 applications were filed), that is, all gas system operators involved in natural gas transmission and



distribution – namely one gas TSO and 47 gas DSOs. The difference between the number of operators functioning in the country and the number of applications for the approval of the plan for introducing restrictions in natural gas consumption is due to the fact that enterprises acting as operators of the coke-oven gas system are not covered by the relevant obligation. This is because the Act on Stocks regulates natural gas, while the scope of the Energy Law Act generally covers gas fuels (including natural gas).

In 2022, with regard to the gas restriction plans for the 2022/2023 season, the President of URE approved 22 restriction plans. In addition, 4 applications to amend approved plans were considered, among others due to significant changes in the customer structure. Proceedings on the remaining restriction plans developed for the 2022/2023 season were continued in 2023.

No mandatory restrictions on the off-take of natural gas in the country or parts of it were introduced in 2022. The last introduction of restrictions on natural gas consumption took place in 2009. The decrease in natural gas consumption recorded in 2022 was mainly due to the adaptation of final customers to the significant increase in gas prices, but also to campaigns encouraging the rationalization of indoor heating and the use of renewable energy sources;

- **agreeing on the draft network development plan for gas companies**

Agreeing with the President of URE on the draft network development plan allows companies dealing with transmission or distribution of gas fuels to secure adequate financial resources for the planned investments, including those related to maintaining an appropriate level of reliability and quality of the network services provided, which have a direct impact on the security of gas supply. Monitoring of the implementation of tasks resulting from the 2022 development plans highlighted further progress in efforts to diversify sources and directions of natural gas supply, that is activities contributing to market liberalization and directly enhancing the level of security of natural gas supply to Poland. In this context, of particular importance is the completion of the Baltic Pipe project and projects of cross-border interconnections Poland-Slovakia and Poland-Lithuania.

The timely completion of the above-mentioned interconnection projects constitutes the implementation of the strategic objectives set out in documents such as the “Energy Policy of Poland until 2040” and the “Preventive Action Plan”. As indicated in the risk assessment contained in the aforementioned document: “The most severe consequences for the gas system would be the suspension of supplies from the eastern direction through all entry points. The risk of this scenario would increase in the event of the diversion of natural gas transmission from the Russian Federation via Belarus and Ukraine to the Nord Stream I and II pipelines.” It should be noted that the above-described scenario materialized in 2022, but the timely completion of the construction of the interconnections in question, among others, made it possible to avoid imbalance of the national transmission system. Construction of bi-directional interconnections: Poland-Lithuania (GIPL), Poland-Slovakia, and the Baltic Pipe gas pipeline, according to the assumed schedule, ensured a higher level of diversification of supply sources, through access to gas sources located in the area of the Norwegian continental shelf and integration of the Polish gas system with the systems of other EU Member States. The completion of the aforementioned investments has also enabled countries such as Lithuania, Latvia and Estonia to have access to the European transmission system, as well as the possibility of importing gas to Poland from the LNG terminal in Klaipeda. The commissioning of the interconnectors described above is an important part of the implementation of Poland's strategy in the area of increasing natural gas import capacity and contributes to enhancing the ability to eliminate the consequences of possible supply disruptions envisaged in the “Preventive Action Plan”. The commissioning of these gas interconnectors also creates the conditions for the creation in Poland of a gas hub for Central and Eastern European and Baltic States. At the same time, these investments allow to eliminate the dependence on natural gas supplies from the eastern direction (via Vysokoye, Teterovka and Kondratki points), in favour of the growing volume of liquefied gas supplies and intra-Community trade. As reported by OGP Gaz-System S.A., the sum of technical transmission capacities at the entry points to the system from the EU increased from 10.90 GWh/h as at 1 January 2022 to 33.98 GWh/h as at 31 December 2022, an increase of 211.7%. Therefore, the effects of the implementation of the investments in question, to a large extent, fulfil the specific objective 3. assumed in the “Energy

Policy of Poland until 2040” concerning the diversification of supplies and the construction of the second pillar of a zero-carbon energy system.

Detailed information on the fulfilment by energy enterprises, transmission system operators and distribution system operators of obligations resulting from Article 16 para. 1 and para. 13 of the Energy Law Act is presented in Section 4.1.2;

- **maintaining mandatory stocks of natural gas**

Mandatory stocks of natural gas are maintained in the period from 1 October of a given year to 30 September of the following year. Thus, when describing issues related to the maintenance of mandatory stocks of natural gas in 2022, two sub-periods may be distinguished: from the beginning of the year until 30 September and from 1 October until the end of the year.

Two categories of entities (hereinafter jointly referred to as “obligated entities”) are required to maintain mandatory stocks of natural gas (hereinafter also referred to as “gas storage obligation”):

- 1) energy companies engaged in the business of trading natural gas with foreign countries, hereinafter referred to as "companies" and
- 2) importers of natural gas, hereinafter referred to as “entities”.

Companies licensed to trade natural gas with foreign countries qualify for the first category.

The second category generally comprises entities that bring in natural gas into the territory of the Republic of Poland as an intra-Community acquisition or imports for purposes other than trading in that gas. For example, entities bringing in natural gas are customers importing natural gas for their own use, including companies engaged in the transmission or distribution of natural gas, bringing in gas for purposes related to their own network activity.

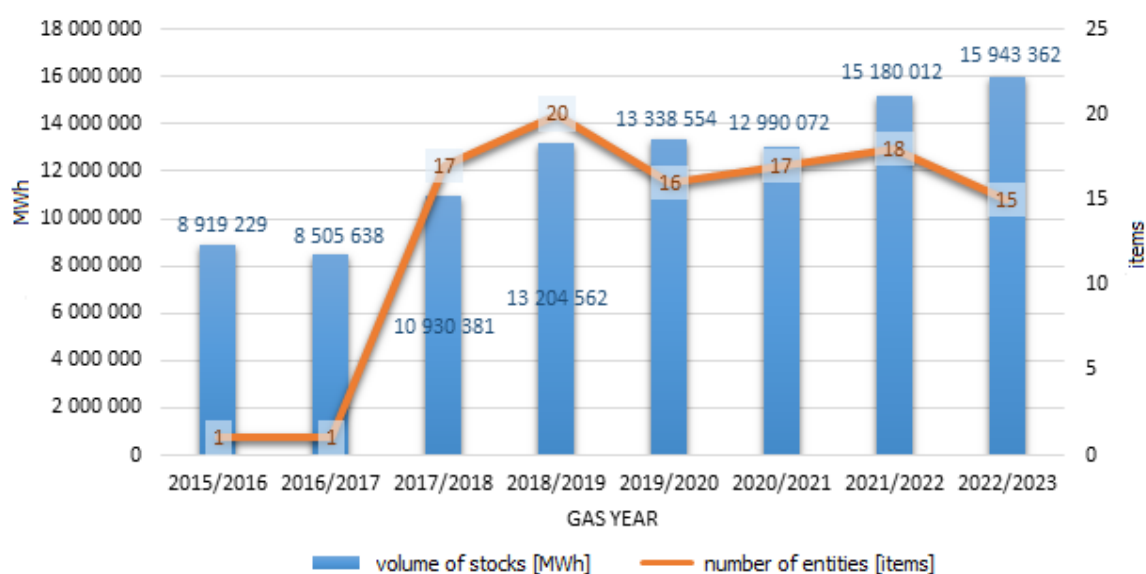
In 2022 the Act on Stocks provided for the implementation of the stockholding obligation in three different formulas:

- a) under a storage contract with domestic SSO,
- b) under a storage contract with foreign SSOs,
- c) under what is known as a stock ticket contract with an energy company engaged in foreign trade in natural gas or gas fuel trading (contractor).

A stock ticket contract consists in allowing obligated entities to outsource the obligation to create and maintain mandatory stocks to another energy company. It is possible to create stocks on gas fuel belonging to both the principal and the contractor. The stocks so created can be held both domestically and internationally.

In 2022, for both periods of the gas storage obligation, that is, until 30 September 2022 and from 1 October 2022, the subject scope of the gas storage obligation was similar to that of 2021. In the indicated periods, the President of URE verified and determined the volume of mandatory stocks of natural gas in the total amount of 15,943,362 MWh, which means that the increase of the approved volume of mandatory stocks in relation to the volume of stocks approved in the previous gas year (2021/2022) amounted to approximately 5%. At the same time, the number of obligated entities decreased by 3 companies. (18 entities obliged to hold mandatory stocks as at 1 October 2021 vs. 15 entities obliged to hold mandatory stocks as at 1 October 2022).



**Figure 41.** Volume of approved mandatory stocks of natural gas

Source: URE's own analysis.

The tasks of the President of URE under the Act on Stocks related to, among others, establishing or verifying the volume of mandatory stocks, granting or refusing consent to conclude a stock ticket contract, controlling obligated entities with regard to the correctness of fulfilment of the stockholding obligation, sanctioning irregularities. Monitoring of the fulfilment of the obligation to maintain mandatory stocks of natural gas therefore covers both activities preceding the commencement of the obligation execution and its fulfilment.

In 2022, no mandatory stocks were released;

- **the President of URE's consents to the conclusion of so-called stock ticket contracts for the purpose of fulfilling gas storage obligations**

The year 2022 was the sixth year in which obligated entities had the possibility to fulfil their gas storage obligation by concluding the "stock ticket contract" referred to in Article 24b of the Act on Stocks. Pursuant to Article 24b para. 1 of the Act on Stocks, an energy company carrying out economic activities in the field of foreign trade in natural gas and an entity importing natural gas may commission, under a contract, the performance of tasks related to the maintenance of mandatory stocks of natural gas to another energy company carrying out economic activities in the field of foreign trade in natural gas or to an energy company carrying out economic activities in the field of trade in gas fuels. The basic requirements for the content of such a contract are contained in Article 24b para. 3 of the Act on Stocks. In addition, the Act indicates that in the event that the mandatory stocks of natural gas, maintained in accordance with Article 24b para. 1, do not constitute the property of the energy company carrying out economic activities in the field of foreign trade in natural gas or of the natural gas importer commissioning the maintenance of these stocks, the contract should also contain provisions guaranteeing the commissioning party the right to purchase these stocks within its duration and specifying the method of determining the resale price of these stocks (Article 24b para. 4).

Pursuant to Article 24b para. 6 of the aforementioned Act, before concluding a stock ticket contract, an energy company performing economic activities in the field of foreign trade in natural gas and an entity importing natural gas (as entities obliged to fulfil the gas storage obligation) shall be obliged to submit a draft of the contract to the President of URE and obtain consent for its conclusion. The President of URE, by way of a decision, shall either consent or refuse to consent to the conclusion of the contract referred to in para. 1 within 30 days from the date of receipt of a complete application for consent to the conclusion of the contract referred to in para. 1 (Article 24b para. 7). The grounds for the refusal of the President of URE to consent to the conclusion of the aforementioned contract are stipulated in Article 24b para. 8 of the Act. This provision stipulates that the President of URE shall

refuse to consent to the conclusion of a stock ticket contract if: (1) a draft of this contract does not contain the provisions referred to in Article 24b para. 3 of the Act on Stocks, (2) the location or technical parameters of the storage facilities and the gas networks to which these facilities are connected do not ensure the possibility of supplying the total quantity of mandatory natural gas stocks to the gas system within a period of no more than 50 days.

A major change to be mentioned with regard to the gas storage obligation for the 2022/2023 gas year is the extension by the legislator of the required period for the delivery of total volumes of mandatory stocks to the gas system from the previous 40 to 50 days. The above change was introduced by Article 70d of the Act of 5 August 2022. This change was intended to enable Operators to make better use of existing storage capacities, in view of possible disruptions of natural gas supply to the national system in the gas year 2022/2023.

In the case of the implementation of the gas storage obligation based on stock ticket contracts, in 2022, as in the preceding year, the efficient conduct of administrative proceedings was of particular importance, as the conclusion of the relevant contract is conditional on the President of URE's consent to its conclusion in the form of a decision, and this should be issued within 30 days of receipt of a complete application (Article 24a et seq. of the Act on Stocks).

Pursuant to the aforementioned provisions, after prior submission of draft stock ticket contracts by the companies and entities concerned, the President of URE issued approvals for the conclusion of stock ticket contracts by decision. None of the applications for consent to conclude a stock ticket contract for the 2022/2023 season submitted to the President of URE in 2022 were refused.

In the 2022/2023 season, five stock ticket contracts pertained to the maintenance of stock in the territory of the Republic of Poland, in three cases the stock ticket contracts pertained to the maintenance of stock outside the territory of the Republic of Poland.

In addition, for the period in question, that is, until 30 September 2023, the legislator also provided for the possibility of outsourcing the performance of tasks concerning the maintenance of mandatory stocks of natural gas to the Government Strategic Reserve Agency (hereinafter: GSRA) pursuant to Article 70c para. 1 of the Act on Stocks. Pursuant to this provision, GSRA acquires natural gas for the benefit of the State Treasury from a company or entity and assumes its rights and obligations under storage service contracts concluded with a storage system operator with respect to mandatory stocks. With regard to the 2022/2023 gas year, this mechanism has been used by two entities;

- **monitoring the fulfilment of obligations relating to the maintenance of mandatory stocks of natural gas**

The statutory tool for monitoring obligations relating to the maintenance of mandatory stocks of natural gas is the provisions of Article 27 para. 2 items 1-2 of the Act on Stocks.

Pursuant to Article 27 para. 2 item 1 of the Act on Stocks, energy companies performing economic activity in the field of foreign trade in natural gas and entities importing natural gas (jointly referred to as "obligated entities") were required to submit information on the actual volume of mandatory stocks of natural gas maintained and the place of their storage as at 15 September 2022 – by 20 September 2022.

On the other hand, pursuant to Article 27 para. 2 item 2 of the Act on Stocks, obligated entities shall, by 15 May 2022, provide the minister competent for energy and the President of URE with information on: (1) actions taken in the period from 1 January to 31 December of the preceding year (here: from 1 January 2021 to 31 December 2021) with a view to ensuring the state's fuel security with regard to foreign trade in natural gas or imports of natural gas, and (2) fulfilment of the obligation to maintain mandatory stocks of natural gas.

The scope of the expected information, concerning actions taken to ensure the state's fuel security in the field of foreign trade in natural gas and the fulfilment of the stockholding obligation, and provided pursuant to Article 27 para. 2 item 2 of the Act on Stocks, was the same as that indicated in Information No. 30/2019 of 23 April 2019 on the disclosure obligation of energy companies performing economic activity in the field of foreign trade in natural gas and entities importing natural gas. The communication drew attention to the fact that the disclosure obligation is referred by the legislator to the concept of the state's fuel security (understood as a condition allowing for the current coverage of the customers' demand for crude oil, petroleum products and natural gas,

in a specific amount and time, to the extent enabling the proper functioning of the economy – Article 2 para. 1 item 1 of the Act on Stocks) and therefore this obligation has a broader scope than only directly related to the imports of natural gas, foreign trade in natural gas or only the implementation of the obligation to maintain natural gas stocks.

In addition, on the basis of a survey dedicated to selected companies, additional information was obtained on the performance by obligated entities of obligations relating to the maintenance of mandatory stocks of natural gas in the period from 1 October 2022 to 30 September 2023.

In the period in question – as in preceding years – compliance with the obligation to maintain mandatory stocks of natural gas was monitored using information from obligated entities, as well as information provided by these entities in applications to the President of URE in other matters or documents submitted in the performance of other obligations, e.g. providing information on the implementation of contracts for the purchase of natural gas from abroad pursuant to Article 49c of the Energy Law Act. The information also came from other entities, including operators of transmission, distribution and storage systems, other trading companies, as well as administrative bodies (e.g. customs authorities pursuant to Article 25 para. 11 of the Act on Stocks). In this way, the President of URE was acquiring information in 2022 on entities hitherto outside any records of the office and engaged in activities implying the indicated obligation (importing natural gas and not having the status of an enterprise trading in natural gas with foreign countries). In order to identify the entities obliged to fulfil the obligation in question, data was used from the resources of the office, the TSO and the Ministry of Finance (entities that declared importing natural gas in the aforementioned period).

The monitoring performed as described above showed that:

- a) 14 out of 15 entities obligated to establish mandatory stocks, including 12 energy companies conducting business in the field of foreign trade in natural gas, and two entities importing natural gas, met the stockholding obligation ending on 30 September 2021. One company failed to fulfil its obligation to maintain mandatory stocks of natural gas and was fined for failure to comply with the above-mentioned obligation,
  - b) 17 out of 18 entities obligated to establish mandatory stocks (all but one for which the mandatory stocks had been verified) fulfilled the obligation to create mandatory stocks as at 1 October 2021, including 15 energy companies operating in the field of foreign trade in natural gas and two entities importing natural gas. In relation to one company, the President of URE initiated proceedings to impose a fine in connection with the suspected failure to meet the stockholding obligation as at 1 October 2021. The proceedings were completed in 2022,
  - c) one company violated the obligation referred to in Article 24b para. 3 of the Act on Stocks, that is the order to use the transmission capacity reserved for the purpose of delivering the total amount of mandatory stocks of natural gas held outside the territory of the Republic of Poland to the national transmission or distribution network solely for these needs. In 2021, the President of URE initiated proceedings to impose a fine on the company for this violation. The proceedings ended in 2021;
- **aggregation of information provided to the President of URE by the gas transmission system operator pursuant to Article 24 para. 3b, Article 24a para. 4 and Article 52a para. 1 of the Act on Stocks**

Pursuant to Article 24 para. 3b of the Act on Stocks, in the event that it is established that the technical parameters of the storage facilities do not ensure the possibility of supplying mandatory stocks of natural gas to the gas system in a period of not more than 40 days, the gas transmission system operator or the gas combined system operator shall notify the President of URE of this fact within 7 days.

In the reporting year, the aforementioned period for the delivery of natural gas to the gas system was extended from 40 to 50 days as a result of the amendment to the Act on Stocks (addition of Article 70d), adopted as part of the Act of 5 August 2022. This regulation is effective until 30 September 2024.

In 2022 the President of URE did not receive the information provided pursuant to Article 24 para. 3b of the Act on Stocks from the gas TSO.

In turn, pursuant to Article 24a para. 4 of the Act on Stocks, the gas transmission system operator or the operator of the combined gas systems shall notify the President of URE of the fact of the use of the capacity reserved for the supply of the total quantity of mandatory stocks of natural gas maintained outside the territory of the Republic of Poland to the national transmission or distribution network for other purposes within 7 days of the establishment of that fact. In the 2021/2022 gas season, OGP Gaz-System S.A. informed the President of URE of the use by one obligated entity of transmission capacity dedicated to the delivery of mandatory natural gas stocks maintained outside the territory of the Republic of Poland to the national transmission network for other needs. On the basis of the information received, the President of URE initiated and conducted administrative proceedings to impose a financial penalty on the entity in question. These proceedings were discontinued in 2022.

In turn, pursuant to Article 52a para. 1 of the Act on Stocks, the gas transmission system operator or the gas combined system operator shall, after the end of each gas day in which mandatory stocks of natural gas have been released, by 12:00 hours, provide the President of URE with information on:

- a) the date and quantity of mandatory natural gas stocks released during that gas day and the storage facilities from which they were released,
- b) the energy undertakings and entities referred to in Article 52 para. 7 item 1 from which the mandatory stocks of natural gas have been offtaken in that gas day.

In 2021 the President of URE did not receive from the gas TSO the information provided pursuant to Article 52a para. 1 of the Act on Stocks, due to the absence of a need to release mandatory stocks.

## **5. ANTIMONOPOLY PROCEEDINGS IN CASES OF COMPETITION RESTRICTING PRACTICES AND OTHER MEASURES UNDERTAKEN BY THE PRESIDENT OF UOKiK IN RELATION TO COMPANIES OF THE ENERGY SECTOR<sup>117)</sup>**

### **5.1. Concentrations of energy companies and the impact of these changes on the competition on the market**

In 2022 the President of UOKiK conducted a number of proceedings relating to concentrations involving entrepreneurs in the energy sector (in some of these cases the proceedings started in 2021 and ended with a decision in 2022).

1. Decision No. DKK – 82/2022 of 16 March 2022 – conditional consent of the President of UOKiK to a concentration involving the merger of Polski Koncern Naftowy ORLEN S.A. with its registered office in Płock and Polskie Górnictwo Naftowe i Gazownictwo S.A. with its registered office in Warsaw (file reference DKK-1.421.29.2021.MAB).

In the proceedings concerning the intended merger of Polski Koncern Naftowy ORLEN S.A. with its registered office in Płock and Polskie Górnictwo Naftowe i Gazownictwo S.A. with its registered office in Warsaw, the President of UOKiK, having conducted antimonopoly proceedings and taking into account the market position of the participants in the concentration on the domestic markets for wholesale and retail sales of natural gas and on the market for storage of this fuel, decided to apply Article 19 para. 1 and 2 of the Act of 16 February 2007 on Competition and Consumer

---

<sup>117)</sup> Based on the information provided by the President of UOKiK.

Protection<sup>118)</sup>. Pursuant to the content of this provision, the President of UOKiK, by way of a decision, gives its consent for a concentration if – after the entrepreneurs intending to concentrate have met certain conditions – competition on the market will not be significantly limited, in particular by the creation or strengthening of a dominant position on the market. The President of UOKiK may impose on the entrepreneur or entrepreneurs intending to perform a concentration an obligation or accept their commitment, in particular to:

- a) dispose of all or part of the assets of one or more entrepreneurs,
- b) relinquish control over a specific entrepreneur or entrepreneurs, in particular by selling a specific block of shares or stocks, or to dismiss a member of the management or supervisory body of one or more entrepreneurs,
- c) grant a licence of exclusive rights to a competitor, specifying in the decision the deadline for fulfilment of these conditions.

The conditions that may be imposed on the entrepreneur or entrepreneurs in a decision consenting to a concentration are not exhaustively listed in the text of the article in question, as is evident from the phrase “in particular” used by the legislator. The conditions indicated in this provision are only exemplary, which means that they may vary in content according to the circumstances. In any case, however, their implementation should lead to a situation in which the concentration does not give rise to a significant restriction of competition on the market.

The aforementioned activities serve primarily to reduce the market power of the undertakings subject to the concentration and thereby maintain (or restore) effective competition that would be distorted as a result of the concentration (performed without the introduction and implementation of the modifying conditions).

In accordance with the issued decision, the transaction may be concluded on the condition of the sale of Gas Storage Poland Sp. z o.o. – a company operating gas storage facilities owned by PGNiG. By separating the ownership of the storage facilities from their management, according to the President of UOKiK, the availability of this infrastructure to external entities, namely PGNiG's and Orlen's competitors, will be increased. The essence of the condition is also that the buyer of the Gas Storage Poland company cannot operate on the natural gas trading markets. Furthermore, according to the aforementioned decision, the buyer must be approved by the President of UOKiK. The condition is to remain in force as long as the merged entity's share in the gas storage market in Poland is above 40%.

The implementation of the condition indicated in the decision in question will mean that an entity independent of Orlen and PGNiG will operate on the natural gas storage market, which will result in no vertical integration of the concentration participants' activities on this market and the domestic wholesale and retail markets for natural gas. In the opinion of the President of UOKiK, the implementation of the condition will lead to an easier and better access to natural gas storage facilities for the competitors of the concentration participants. This should create more favourable conditions for an increase in natural gas imports by these entities (competitors), as the fulfilment of the obligations imposed by the energy law on importers in the field of gas storage will be easier to achieve, and thus more independent offers for natural gas may appear both in the wholesale and retail sale of natural gas.

The remaining concentration proceedings ended with the issuance of concentration consents under Article 18 of the Act. Pursuant to this article, the President of UOKiK, by way of a decision, issues consent for a concentration as a result of which competition on the market will not be significantly restricted, in particular by the creation or strengthening of a dominant position on the market. These proceedings ended with the issuance of the following decisions:

2. Decision No. DKK-3/2022 of 10 January 2022 – consent to a concentration involving the establishment of a joint venture by PGE Polska Grupa Energetyczna S.A., with its registered office in Warsaw, and

---

<sup>118)</sup> Journal of Laws of 2021 item 275, as amended, hereinafter “the Act”.



- TAURON Polska Energia S.A., with its registered office in Katowice, under the terms and conditions set out in the application.
3. Decision No. DKK-5/2022 of 13 January 2022 – consent of the President of UOKiK to a concentration consisting in the establishment by SCA Forest Products AB, Sundsvall, Sweden, and St1 Sverige AB with its registered office in Sundbyberg, Sweden of three joint ventures under the terms and conditions set out in the application.
  4. Decision No. DKK-14/2022 of 19 January 2022 – consent of the President of UOKiK to a concentration consisting in the establishment by BASF Schwerzheide GmbH, with its registered office in Scherzheide (Germany), and envia Mitteldeutsche Energie AG, with its registered office in Chemnitz (Germany), of a joint venture, under the terms and conditions set out in the application.
  5. Decision No. DKK-20/2022 of 25 January 2022 – consent of the President of UOKiK to a concentration consisting in the establishment by SABIC Industrial Investments Company, with its registered office in Riyadh, Saudi Arabia, and Fujian Fuhua Gulei Petrochemical Co., Ltd. with its registered office in Zhangzhou, People's Republic of China, of a joint venture under the name of SABIC FUJIAN Petrochemicals Co. Ltd. with its registered office in Zhangzhou, People's Republic of China.
  6. Decision No. DKK-36/2022 of 8 February 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Voith Hydro GmbH & Co. KG with its registered office in St. Pölten, Austria, Verbund Hydro Power GmbH with its registered office in Vienna, Austria and Mekorot Water Company Ltd. with its registered office in Tel Aviv, Israel.
  7. Decision No. DKK-49/2022 of 14 February 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of three joint ventures by ENGIE S.A. with its registered office in Courbevoie, France and EDP Renováveis S.A. with its registered office in Oviedo, Spain.
  8. Decision No. DKK-51/2022 of 15 February 2022 – consent of the President of UOKiK to a concentration consisting in the acquisition of control by Polish Enterprise Funds SCA with its registered office in Luxembourg (Grand Duchy of Luxembourg) over Ekoenergetyka – Polska S.A. with its registered office in Zielona Góra, which will be exercised jointly with the other shareholders of Ekoenergetyka – Polska S.A.
  9. Decision No DKK-64/2022 of 24 February 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Ørsted AS and TotalEnergies Holding Netherlands.
  10. Decision No. DKK-66/2022 of 28 February 2022 – consent of the President of UOKiK to the concentration consisting in the establishment by Cemex Zement GmbH, with its registered office in Rüdersdorf bei Berlin, Germany, Enertrag SE, with its registered office in Dauerthal, Germany, and Sasol Germany GmbH, with its registered office in Hamburg, Germany, of a joint venture with its registered office in Rüdersdorf bei Berlin, Germany.
  11. Decision No. DKK-74/2022 of 4 March 2022 – consent to a concentration consisting in the establishment by Allianz Renewable Energy Partners Luxembourg VI S.A., with its registered office in Hamburg, Germany, BASF SE, with its registered office in Ludwigshafen, Germany, and Vattenfall Duurzame Energie N.V., with its registered office in Amsterdam, the Netherlands, of a joint venture, under the terms and conditions set out in the application.
  12. Decision No. DKK-85/2022 of 16 March 2022 – consent of the President of UOKiK to a concentration consisting in the acquisition of control by ROSSI Biofuel Zrt. with its registered office in Komárom, Hungary over LOTOS Biopaliwa sp. z o.o. with its registered office in Czechowice-Dziedzice.
  13. Decision No. DKK-90/2022 of 28 March 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by BASF SE, with its registered office in Ludwigshafen am Rhein, Germany, and Vattenfall Duurzame Energie N.V., with its registered office in Amsterdam, the Netherlands.
  14. Decision No DKK-92/2022 of 31 March 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Taaleri Energia Holdigns and Masdar CES Europe.

15. Decision no. DKK-93/2022 of 7 April 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of five joint ventures by Ørsted Wind Power A/S with its registered office in Fredericia, Denmark, and ZE PAK S.A. with its registered office in Konin.
16. Decision No. DKK-106/2022 of 25 April 2022 – consent of the President of UOKiK to a concentration consisting in the acquisition by Davidson Kempner Capital Management PL of control over Nynas AB.
17. Decision No. DKK-127/2022 of 24 May 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by MR Beteiligungen 2 GmbH and Hydro REIN Invest AS.
18. DKK Decision No. 136/2022 of 7 June 2022 – consent of the President of UOKiK to a concentration consisting in the acquisition of control by PGE Energia Odnawialna S.A. with its registered office in Warsaw over Collfield Investments sp. z o. o. with its registered office in Kraków.
19. Decision No DKK-145/2022 of 15 June 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by BP Exploration Operating Company Limited and ENI International B.V.
20. Decision No. DKK152/2022 of 4 July 2022 – consent of the President of UOKiK to a concentration consisting in the establishment by Northland Power Inc. with its registered office in Toronto, Canada, and RWE Renewables GmbH with its registered office in Essen, Germany, of a joint venture called Nordsee Two GmbH with its registered office in Oststeinbek, Germany.
21. Decision No. DKK153/2022 of 4 July 2022 – consent of the President of UOKiK to a concentration consisting in the establishment by MGREF 2 Feijao Investments S.à r.l., with its registered office in Luxembourg, Grand Duchy of Luxembourg, and Hydro REIN Feijao Holding BV, with its registered office in Rotterdam, the Netherlands, of three joint ventures with registered offices in Brazil.
22. Decision No. DKK-158/2022 of 7 July 2022 – consent of the President of UOKiK to a concentration consisting in the acquisition of control over Lotos Terminale S.A. with its registered office in Czechowice-Dziedzice by Unimot Investments sp. z o.o. with its registered office in Warsaw.
23. Decision No. DKK-159/2022 of 8 July 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Samsung Solar Energy 2, LLC with its registered office in Commerce, California, USA, and SE US Development, LLC with its registered office in Redwood City, California, USA.
24. Decision No. DKK-175/2022 of 21 July 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture between SSE Renewables International Holdings Limited, with its registered office in Perth, Scotland, and Acciona Energia Global, S.L., with its registered office in Madrid, Spain.
25. Decision No. DKK-196/2022 of 18 August 2022 – consent of the President of UOKiK consisting in the establishment of a joint venture by SK Gas Co., Ltd. with its registered office in Seongnam-si, Republic of Korea, Air Liquide Korea Co., Ltd. with its registered office in Seoul, Republic of Korea, and Lotte Chemical Corporation with its registered office in Seoul, Republic of Korea.
26. Decision No. DKK-197/2022 of 18 August 2022 – consent of the President of UOKiK to a concentration consisting in the acquisition of control over EL-CZE sp. z o.o. by Energetyka Raków Sp. z o.o.
27. Decision No. DKK-204/2022 of 24 August 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Mirova Energy Transition 5 S.L.P., with its registered office in Paris, France, and Clean H2 Infra Fund S.L.P., with its registered office in Paris, France.
28. Decision No. DKK-214/2022 of 31 August 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Juwi GmbH, with its registered office in Wörrstadt, Germany, and wpd Windpark 613 GmbH & Co.KG, with its registered office in Bremen, Germany.
29. Decision No. DKK-215/2022 of 31 August 2022 – consent of the President of UOKiK to the concentration consisting in the establishment of a joint venture by POLENERGIA S.A. and Modus Energy AB.
30. Decision DKK No. 220/2022 of 12 September 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Abu Dhabi National Oil Company, with its registered office in Abu Dhabi, United Arab Emirates, Abu Dhabi Future Energy



- Company PJSC, with its registered office in Abu Dhabi, United Arab Emirates and Mamoura Diversified Global Holding PJSC, with its registered office in Abu Dhabi, United Arab Emirates.
31. Decision No. DKK-247/2022 of 12 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of two joint ventures with registered offices in the United Arab Emirates by EDF INTERNATIONAL S.A.S. with its registered office in Puteaux, France and Mescat Middle East DMCC with its registered office in Dubai, United Arab Emirates.
  32. Decision No. DKK-258/2022 of 25 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar, and Eni Qatar B.V., with its registered office in Amsterdam, the Netherlands.
  33. Decision No. DKK-259/2022 of 25 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar, and Shell Gas B.V., with its registered office in The Hague, the Netherlands.
  34. Decision No. DKK-260/2022 of 25 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar and ExxonMobil Ventures Cyprus Limited, with its registered office in Nicosia, Cyprus.
  35. Decision No. DKK-261/2022 of 25 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar, and ConocoPhillips Qatar B.V., with its registered office in The Hague, the Netherlands.
  36. Decision No. DKK-262/2022 of 27 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar, and TotalEnergies EP Qatar S.A.S., with its registered office in Courbevoie, France.
  37. Decision No. DKK-263/2022 of 27 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by TotalEnergies Gaz & Electricité Holdings SAS, with its registered office in Courbevoie, France, and Engie Energy Services SA, with its registered office in Paris, France.
  38. Decision No. DKK-264/2022 of 28 October 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by RWE Eolien en Mer France SAS and Total Energies Renewables SAS.
  39. Decision No. DKK-273/2022 of 4 November 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by II Renewable Energy Europe B.V. and OX2 Holding Sweden 3 AB.
  40. Decision No. DKK-274/2022 of 11 November 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy, with its registered office in Doha, Qatar, and Arabian Chevron Phillips Petrochemical Company LLC, with its registered office in Hamilton, Bermuda.
  41. Decision No. DKK-291/2022 of 22 November 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Hynamics société par actions simplifiée with its registered office in Neuilly-sur-Seine France and Vicat société anonyme à conseil d'administration with its registered office in L'Isle-d'Abeau, France.
  42. Decision No. DKK-304/2022 of 9 December 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by Exilion Tuulihankkeet Ky and BayWe r.e. Nordic AB.
  43. Decision No. DKK-310/2022 of 19 December 2022 – consent of the President of UOKiK to the concentration consisting in the establishment of a joint venture by NALA Renewables Limited and CEE EQUITY PARTNERS UK LIMITED.
  44. Decision No. DKK324/2022 of 22 December 2022 – consent of the President of UOKiK to a concentration consisting in the acquisition of control over Vortex Energy S.A. with its registered office in Szczecin by VIP II Green B.V. with its registered office in Rotterdam (the Netherlands).

45. Decision No. DKK-328/2022 of 29 December 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar, and Shell Gas B.V., with its registered office in The Hague, the Netherlands.
46. Decision No. DKK-329/2022 of 29 December 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar, and ConocoPhillips Qatar B.V., with its registered office in The Hague, the Netherlands.
47. Decision No. DKK-330/2022 of 29 December 2022 – consent of the President of UOKiK to a concentration consisting in the establishment of a joint venture by QatarEnergy Oil and Gas (1) Q.S.C., with its registered office in Doha, Qatar, and TotalEnergies EP Qatar S.A.S., with its registered office in Courbevoie, France.
48. Decision No. DKK-331/2022 of 30 December 2022 – consent of the President of UOKiK to a concentration consisting of the establishment of a joint venture by Saudi Arabian Oil Company and Korea Electric Power Corporation.

## **5.2. Administrative proceedings conducted by the President of UOKiK regarding competition restricting practices**

In 2022, the President of UOKiK conducted administrative proceedings in one case concerning competition restricting practices. These were explanatory proceedings concerning the preliminary establishment of whether there may have been abuse of the dominant position in the market for backup supplies by electricity suppliers (including Energa Obrót S.A. with its registered office in Gdańsk) in the market for reserve sales of electricity in the electricity distribution areas of individual operators, including whether the case has an antitrust character (case reference no.: RŁO.400.8.2019). In the proceedings data were collected from all distribution operators and incumbent suppliers regarding sales volumes, prices and market shares. On their basis, it is being analyzed whether the prices of last resort supply of Energa Obrót in 2018 were not unduly excessive. The proceedings are pending.

## **5.3. Other conduct of energy companies that may violate competition rules, observed by the President of UOKiK**

In 2021 the signals received by the President of UOKiK did not give grounds to take any actions (in particular to conduct explanatory or antimonopoly proceedings) other than those indicated in items 5.1 – 5.2. The President of UOKiK carefully monitors the actions of undertakings active on the electricity production and distribution markets, thoroughly analyzing all incoming information on potential irregularities. In case of suspicion of anti-competitive practices, the President of UOKiK takes appropriate actions within its powers.

## **5.4. Measures implemented to promote market transparency, that is measures aimed at providing consumers with relevant market information**

In 2022 the President of UOKiK did not take measures to promote market transparency.

## 5.5. Measures taken by the President of UOKiK to ensure sufficient diversity of market participants and increase competition in the retail and wholesale markets

In 2022 the President of UOKiK took measures with regard to the photovoltaic industry, which were aimed at protecting prosumers in their relations with entrepreneurs providing services for the sale and installation of photovoltaic micro-installations. These measures should also be seen as aimed at ensuring the diversity of participants in the electricity market by supervising the proper functioning of the prosumer market. In 2021, the President of UOKiK received more than 120 complaints related to photovoltaics. Most frequently, they concerned the charging of consumers with high costs when withdrawing from an off-premises contract and the lack of a performance deadline in the contract or failure to meet it. Consumers also reported possible misleading information about the final cost of installation and the use of abusive provisions. The problem is also intrusive telephone marketing using bots. The President of UOKiK has initiated proceedings for violating the collective interests of consumers and for declaring the provisions of template contracts as prohibited against the following companies: FG Energy, with its registered office in Kraków (now BO Energy), and Krajowy Projekt Energetyczny (KPE), with its registered office in Toruń. A number of investigations were also initiated against further entrepreneurs. In December 2022, a decision was issued stating that BO Energy (formerly FG Energy) had violated the collective interests of consumers by using practices consisting, among others, in:

- a) misleading about consent to the immediate commencement of work and the costs involved. FG Energy included an "Express Installation" service in the "Promotions" section, which did not really involve any benefit for the consumer, since agreeing to and paying for the immediate start of the work did not affect the final date of the work,
- b) impeding withdrawal from an off-premises contract. FG Energy indicated in the contracts that the consumer "will lose the right of withdrawal with the commencement of installation". The exclusion of the possibility to withdraw from the contract is possible in a situation where the subject of the service are things which, after delivery, are inseparably connected with others. According to the President of UOKiK, the components of a photovoltaic installation are not inseparably connected to each other or to the ground on which they are mounted,
- c) misleading about the "free" audit. Despite marketing messages about a "free" audit, it was apparent from contractual provisions that the company charged for this service in the event of withdrawal,
- d) unauthorised reference to government institutions. As is evident from the scripts for the sales representatives, FG Energy referred in its communication with consumers to the cooperation with the Ministry of Climate and Environment, although no such cooperation exists.

The aforementioned decision imposed a fine on the entrepreneur in the total amount of over PLN 28 million.