

Free EU ETS allowances for the electricity sector in Poland

National experience with Article 10c

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ClientEarth

About ClientEarth's report

Issues related to the EU ETS scheme discussed in our report:

- What is the place of the EU ETS in EU climate protection policy?
- What is the Treaty-based framework for the adoption of climate protection measures?
- **How has the free allocation of emission allowances to the electricity sector worked in Poland?**
- What are the consequences of the fact that free emission allowances are subject to EU regulations on State aid?

Polish National Investment Plan

- The Polish derogation application was submitted on 30th of September 2011
- It contained a list of 176 installations
- Total market value of free emissions allowances requested (2013-2020) estimated at **€ bn 7.406** corresponded to **405 million tonnes of CO₂**
- Commission Decision of 13th July 2012 – see C(2012) 4609 final - conditionally approved the Polish derogation application
- Polish National Investment Plan approved by the EC contained 347 investments – see C(2013) 6648

Free EU ETS allowances – state aid dedicated for specific investments as stated in art 10c:

- Investments in retrofitting and upgrading of the infrastructure
- Investments in clean technologies
- Investments that provide for the diversification of energy mix and sources of supply

Conclusions

- Most of the investments were dedicated to uphold the status quo and to support coal combustion for example:
 - upgrading of coal boilers to burn coal with biomass
 - more than 70% of the investments called in Polish National Plan „upgrading of the infrastructure” in coal combustion
 - no investments in renewables such as: biogas, solar energy, wind

Conclusions

- Absence of transparency in the whole process of choosing and implementing specific investments as part of the National Plan
 - no assurance of public participation
 - so called „yearly reports” from the Ministry of Environment
 - about 30% of investors do not disclose financial information

Conclusions

- Necessary future changes from our perspective
 - transparency – selection of investments for free allocation of allowances – competitive bidding – strict criteria
 - public participation – lex specialis provisions in new EU ETS directive?
 - commitment of EU legislator towards the diversification of energy mix in Central and Eastern Europe

Thank you

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