

RES AUCTIONS IN 2020 THE GOVERNMENT HAS PUT FORWARD A PROPOSAL

On 10 October 2019, the Council of Ministers published a draft ordinance specifying the maximum volume and value of electricity from renewable energy sources (RES), which can be sold in auctions in 2020.

According to the government's proposal, the auctions in 2020 are to be dominated by solar projects, and not only those with an installed capacity of up to 1 MW. The draft ordinance envisages the conducting in 2020 of auctions for new RES installations which, in the opinion of the authors of the draft, should facilitate the development of installations using:

- solar energy (with a total installed electrical capacity greater than 1 MW) – 1000 MW;
- solar energy (with a total installed electrical capacity not greater than 1 MW) – 500 MW;
- biomass, in a dedicated biomass firing installation (with a total installed electrical capacity greater than 1 MW) – 100 MW.

Additionally, the authors of the draft ordinance envisage a symbolic growth of installed capacity of small (≤ 1 MW) and large (> 1 MW) hydropower installations (10 MW and 20 MW, respectively), small (≤ 1 MW) agricultural biogas installations (20 MW) and other small (≤ 1 MW) biogas installations (10 MW).

Solar power projects and on-shore wind farms can compete in basket 4. What is interesting, however, is that from the justification to the draft resolution it follows that the authors have not assumed that some wind power projects will appear among the winners of the auctions in 2020 from the "big" basket 4. This might mean that the authors of the draft ordinance envisage that all the wind power projects, which have currently reached the status enabling them to participate in auctions, will win the auction planned still in 2019, and that there will be no new wind power projects to participate in the auction in 2020, which will pave the way for large-scale solar projects.

Apart from the auctions for new RES Projects, a migration auction is also planned for existing dedicated biomass firing installations, with a total installed electrical capacity higher than 1 MW – up to 300 MW of installed capacity (according to the calculations of the authors of the draft).

The proposed maximum quantity and value of electricity which is to be contracted in auctions in 2020 is (in comparison with the auctions planned in 2019):

	2020* (≤ 1 MW)	2020* (> 1 MW)
Basket 1: biogas / co-firing	375k MWh / 166 875k zł	10 950k MWh / 5 182 500k zł
Basket 2: hydropower / geothermal power / off-shore wind power	540k MWh / 270 000k zł	1 080k MWh / 518 400k zł
Basket 3: agricultural biogas	0 MWh / 0 zł	1 800k MWh / 1 152 000k zł
Basket 4: PV / on-shore wind power	7 350k MWh / 2 829 750k zł	14 700k MWh / 5 365 500k zł
Basket 5: hybrids	14 700k MWh / 5 365 500k zł	0 MWh / 0 zł

According to the justification to the draft ordinance, the authors anticipate that the RES installations built next year as a result of next year's auction will contribute to the achievement of the new EU targets increasing the share of energy from RES in the final consumption of energy in Poland. The 2020 auctions are to be a continuation of the upward trend in the use of RES to meet the commitments resulting from Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.¹

The draft ordinance will be subject to consultations and consultation decisions. Pursuant to the Act on Renewable Energy Sources of 20 February 2015, the Council of Ministers is obliged to issue the ordinance by 31 October 2019.

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¹ Pursuant to the justification to the draft ordinance, the RES auctions conducted to date and those still planned to be conducted in 2019 will facilitate contracting a volume of electricity from RES sufficient to achieve the EU objective of 15% of energy from RES in the gross final consumption of energy in 2020. It is also worth noting that the EU regulations require that Member States achieve a set share of energy from RES in the gross final consumption of energy by the end of 2020, and not merely "contract" with investors the development of new renewable sources which will facilitate achieving this target after coming into operation.