

Polish Sustainable Recovery Monitor

– October 2020 issue

1.1 Economic Recovery – the big picture



Anti-crisis Shield:

According to the information conveyed by Ministry of Development, Labor and Technology on 16th of October, the value of [already granted aid amounts to EUR 31.9 bln](#). Despite the scale of disbursed funds, the information on the scale of support that these resources have provided to green recovery remains unavailable. Details on Anti-Crisis Shield are available in the September's issue of the Monitor.



Sectoral Anti-crisis Shield:

As Poland is struggling with the second wave of COVID-10 (on 29th of October Poland the daily number of COVID new cases exceeded 20k) and introducing new restrictions, the government is expanding its support system to also aid the most affected by the pandemic sectors (catering, entertainment, sports and retail sale industries). [Total support allocated for that instrument amounts to EUR 400 mln and will be disbursed through three mechanisms – idle time payments, social insurance exemptions and small grants](#). The government estimates that Sectoral Anti-crisis Shield will support 200k companies employing 370k workers.



National Recovery and Resilience Plan

[The government is planning to have a draft of National Recovery and Resilience Plan by January 2021](#). The Ministry of Development Funds and Regional Policy reports that from 2500 projects submitted by the Ministries and local authorities, 1200 are being taken into further consideration. In total, Poland will have EUR 57 bln at its disposal from the Recovery and Resilience Facility, including EUR 23 bln in the form of subsidies. [The Ministry identifies that priority investment areas are: flood protection and water retention, transformation towards a circular economy, the development of renewable energy and improvement of energy efficiency](#). However, the full list of initiatives submitted in the draft of the plan has not been disclosed.



New Chance Policy:

[From September 24, entrepreneurs who are struggling with economic difficulties and are undergoing restructuring can submit applications for support using the instruments prepared by the government in the New Chance Policy Act.](#) It is dedicated to companies that are at risk of insolvency or are already insolvent and have the idea of how to restructure their businesses. EUR 26.4 mln from the state budget will be allocated annually for 10 years to support entrepreneurs suffering from difficulties. Additionally, this pool will be supplied with funds from the Anti-crisis Shield in the minimum amount of EUR 132 mln.



Poland will join the European Guarantee Fund:

[Deputy Prime Minister Jarosław Gowin announced Poland's accession to the European Guarantee Fund.](#) According to estimates, entrepreneurs will receive at least EUR 4.4 bln in the next 3 years to counteract the economic effects of COVID-19. EGF is the latest joint shield of the EU Member States and the Group European Investment Bank EIB against COVID 19.

Note: the list only reflects information that was disclosed by press, individual companies or government announcements for specific initiatives, hence does not offer comprehensive information on the scale of financial support for the sector and actions undertaken.

1.2 Sectoral insights



Mining



Eastern part of Greater Poland Voivodeship to achieve climate neutrality by 2040:

Eastern Greater Poland, home to ZE PAK lignite-powered power plants has, as a first coal-region in Poland, developed Concept for Just Transition. It states that [not only will it reach climate neutrality earlier than the rest of the country but also it won't use lignite for electricity generation beyond 2030.](#) Authors of the Concept (Regional Development Agency in Konin in cooperation with local government, unions, NGOs and private sector), postulate for public support system for miners that will be affected by the process in the form of requalification support or bridging pensions. The Concept is designed as a first step for developing Territorial Just Transition Plan for Greater Poland required to provide the region the access to the European Just Transition Fund.



Social contract on restructuring of the mining sector to be signed by the end of December:

On the 8th of October the government has announced that working groups will be established in each of the mining companies. The aims of announced works are to 1) define the rules of managing human resources 2) establish a model for mining company closures 3) assess coal supply and demand sides. Moreover, two working groups have been established at the governmental level. They will focus on innovations in the mining sector and developing financial support system for the Polish mining sector. [Recommendations are to be presented by the end of November and the Social Contract will be developed by mid-December.](#) The move comes after negotiations between the Unions associated with Silesian coal mines and the government, which resulted in agreement that says that the last hard coal mine in Silesia will be closed in 2049.



COVID-19 related financial support for mining sector:

On 6th of October, Regional Labour Office in [Lubelskie region granted EUR 7.4 million for Lubelski Węgiel Bogdanka](#) from the Fund of Guaranteed Employee Benefits for the protection of jobs. The money comes from the Anti-crisis Shield. Bogdanka is one of the few profitable coal mines in Poland, due to the favorable geologic conditions. At the end of 2019, LW Bogdanka had a 20.8% share in the steam coal market in Poland and 26.8% in the coal market for the commercial power industry. The company belongs to the Enea, state-owned utility. Although there is no closure date for this mine, the representatives of the government, mine's board and unions have established a working group that will determine next steps and time horizon for mine's operations.

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Energy



Transformation of PGE:

[On October 19th, Polish Energy Group \(PGE\), largest Polish utility unveiled its new strategy.](#) PGE's plans have been defined in two time horizons. By 2030, the company will spend over EUR 16.5 bln on investments in renewables and the share of renewable energy in the Group's portfolio will increase to 50%. To this end, by 2030, PGE Group intends to build 2.5 GW of new capacity in offshore wind farms, 3 GW in photovoltaics and expand the portfolio of onshore wind farms by at least 1 GW. Large-scale projects will be accompanied by a complementary energy storage program for at least 0.8 GW.

By 2050 the Group intends to achieve climate neutrality and provide energy based entirely on renewables.



Tauron, one of the biggest Polish energy sector companies, to issue green bonds worth EUR 200 mln:

Tauron has signed the agreement with EBRD for the potential buy-out of the bonds, committing to the EBRD's ESG standards. [The revenues are to support low-carbon transition of the company in line with the recently announced strategy](#), which states that by 2030 the energy produced by Tauron will be at least in 65% coming from renewables.



Government is pursuing the Nuclear Energy Program:

[On 1st of October](#), a letter of intent was signed regarding the purchase of all shares in PGE EJ 1 by the State Treasury by the end of the year. PGE EJ 1 is a special entity, the subsidiary of Polish Energy Group (PGE), responsible for the preparation and implementation of investments in the construction and operation of the first Polish nuclear power plant.

[On 9th of October](#), The Council of Ministers adopted a resolution on updating the government's multi-annual program "Polish nuclear energy program", submitted by the Minister of Climate and Environment. The aim of the program is to build and commission nuclear power plants in Poland with a total installed capacity of 6-9 GW.

[On 19th October](#), the US Secretary of Energy Dan Brouillette and Piotr Naimski, Secretary of State and Government Plenipotentiary for Strategic Energy Infrastructure, signed an Intergovernmental Agreement on cooperation for the development of the civil nuclear energy program and the sector of nuclear energy for civilian needs in Poland.

According to the draft of the Energy Policy of Poland until 2040, the first nuclear power plant is to start functioning by 2033 and by 2043 it is envisaged that Poland will achieve 6-9 GW of nuclear capacities installed.



My Electricity, public support program for PV, will continue in 2021:

[In 2020 the Program has supported investments in the amount of EUR 220 mln.](#) The new edition is likely to include support not only for PV, but also home EV chargers, heat pumps and energy storage technologies. The details of the program are yet to be unveiled. The program aims to support governmental efforts in increasing number of prosumers from 270k to 1mln.



Continuation of “District heating” program:

[Ministry of Climate and Environment has decided to launch another round of the "District heating" program](#) aimed at reducing the negative impact of heating companies on the environment and improving air quality. The total budget of the program is EUR 110 mln , of which EUR 33 mln will be granted in subsidies, and EUR 77 mln in debt financing. Among the projects eligible for funding are those using renewable energy, waste heat, heat from cogeneration, low-emission gas fuels, gas mixtures, synthetic gas or hydrogen.



Signing of a letter of intent to boost biogas and biomethane sector:

On October 13th, Ministry of Climate and Environment and representatives of the biogas, transport, transmission and science industries signed ["Letter of intent on establishing a partnership for the development of the biogas and biomethane sector"](#).

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Transport



Bus Transport Development Fund support to be extended:

[Senate approved the act amending the act to counteract the socio-economic effects of COVID-19](#), what included the amendments to extend the duration of the support (in the amount of EUR 0.7) from the Bus Transport Development Fund to 1 car-kilometer of public utility transport until December 31, 2021 (the solution previously introduced within the framework of the Anti-crisis shield was to apply only in 2020).

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Buildings



Clean Air Program:

The "Clean Air" program aimed at tackling low air quality in Poland through providing financial support for investments in renovation of single-family houses and upgrade of heating sources, [is to be part of the National Recovery and Resilience Plan](#). The Ministry of Climate and Environment proposed to dedicate EUR 8 bln from the funds allocated to Poland within the European Recovery and Resilience facility to support the program.



Amendments to the act on supporting thermo-modernization and renovation:

The Three changes to the amendment to the act on supporting building thermo-modernization and renovation were proposed by senators. [It is expected to be signed by President Andrzej Duda in November at the latest](#). The revised act will create the Central Registry of the Emissivity of Buildings (CEEB). CEEB is intended to be an IT tool that will be used to identify sources of pollution from buildings. This system will collect information on the sources of emissions in the municipal and housing sector, which will be retained in the nationwide general inventory. The inventory is to cover approximately 5-6 million buildings. [Second amendment is linked with governmental program Stop Smog](#), which is dedicated to financing the replacement of old heat sources and thermal modernization in single-family residential buildings for households affected by energy poverty. New version of the program includes, among others, alterations that allow wider group of people to access funds and less restrictive energy efficiency targets (e.g. required heat demand now must be reduced by at least 30% instead of 50%). The changes result from the low uptake of the program in the past. [The third amendment is to extend the Clean Air Program](#) by improvement of credit conditions and to cover wider group of beneficiaries, including beneficiaries with lower income. To this end, Ecological Guarantee Fund will be created which will be collecting funds transferred by the National Fund for Environmental Protection and Water Management. The funds will be administered by the Polish Development Bank (BGK), a state-owned entity.

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Green Recovery: how to address crisis caused by pandemic to transform of the economy? (November 2020) – an upcoming policy brief on Poland's efforts to restore the economy, and whether those endeavors correspond with the EU's long-term climate strategy.



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