Poland

White Certificate Scheme

Responsible authority: Ministry responsible for energy
Managing authority: Energy Regulatory Office (ERO)

History, current targets and results

The scheme was originally implemented in 2013. Since then it went through significant changes of which the shift from auction-based to continuous issuing of the certificate in 2016 is the most important.

The savings are now reported both in primary and final energy, however the certificates are granted for average yearly final energy savings only.

There is a final energy savings target of 2,645 ktoe to be achieved by the end of 2020.

The scheme is planned to continue beyond 2020, however the changes in regulations are expected. Additionally, alternative measures are planned to be implemented to reach the Art. 7 target in 2030.

Key actors, roles and options

Rules of the scheme are set by the Ministry of Energy. The URE is responsible for management of the system, and verification and monitoring of the results.

The obligated parties are the energy suppliers and traders selling electricity, natural gas or heat to end users, except heating companies that supply less than 5 MW_t to final consumers.

The obligated parties can perform the energy efficiency measures themselves, acquire the certificates on the market or pay a substitution fee to the National Fund of Environment Protection and Water Management. Only a part of the obligation might have been fulfilled with the substitution fee in 2016-2018 and since 2019 this option can only be used in the case of a lack of certificates on the market. The substitution fee is predefined for each year and was 1500 PLN/toe (350 EUR/toe) in 2017 and since then has been increased by 5% per year.

Any actor is eligible to submit energy savings project to obtain the white certificates. The certificates can be traded on the Polish Power Exchange or in OTC transactions.

Scope and focus

Only planned projects can now receive white certificates in the new system. Energy saving measures such as: industrial processes, buildings, lightning, household appliances, energy recovery, energy sources, losses in energy distribution and transformation are eligible to apply for the certificates.

Single projects or groups of projects that are precisely defined by the ministry and deliver more than 10 toe/a of final energy savings are eligible to apply for the certificates.

The energy audits, accompanying the application for granting the certificates, shall be performed accordingly to specified methodologies, are checked by the ERO.

Energy poverty is not addressed in the scheme.

Monitoring, Reporting and Verification

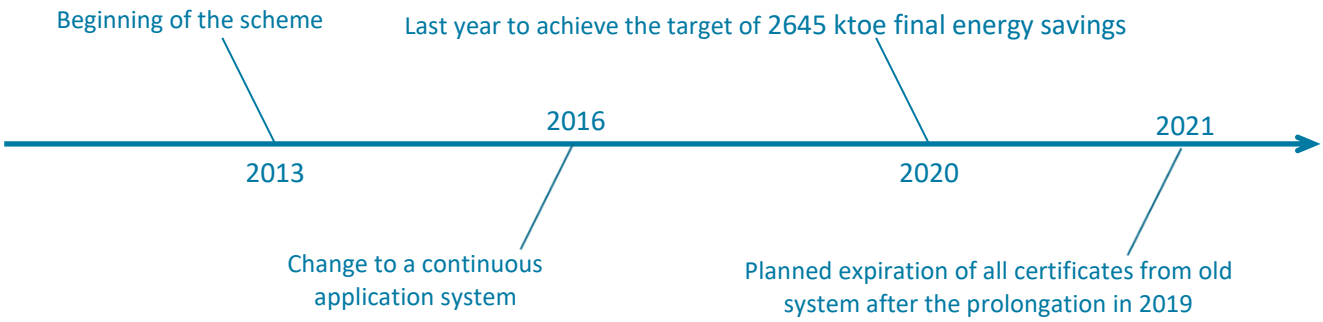
The obligation equal to 1.5% of energy sold to the final customers in a calendar year should be fulfilled by the end of June next year. The obligated parties can postpone the fulfilment of the obligation for one or two years. The obligation can be lowered through presenting measures implemented by a large consumer from specific industrial groups that consumes at least 100 GWh/a. Those measures follow similar requirements (at least 10 toe/a of savings confirmed with an audit) as other except they can be already implemented but not later than in 2014.

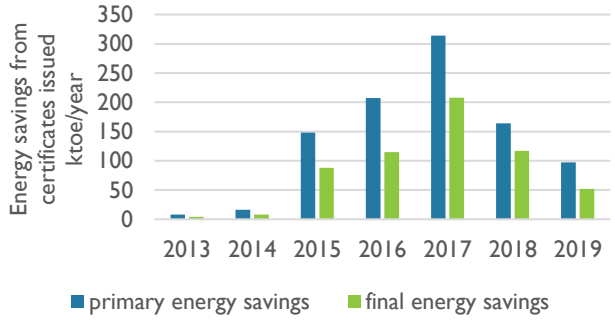
Ex ante and ex post energy audits are required for all projects with energy savings over 100 toe/year. The certificates are issued after the completion of a project. The ERO has the right to organise random controls of the audits and to apply penalties in case of false information presented in the audit.

There are 8 types of measures that could use a simplified energy audit with predefined calculation methods

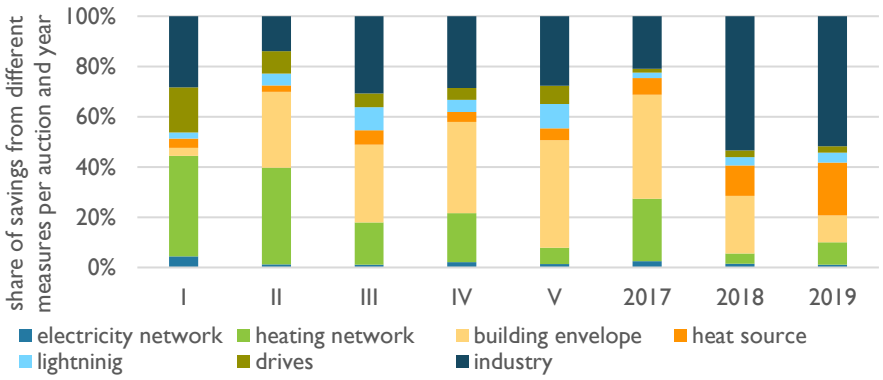
The application for a certificate can be sent to URE on line. The Polish Power Exchange manages the register and controls the ownership of certificates.

This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement N° 840034.

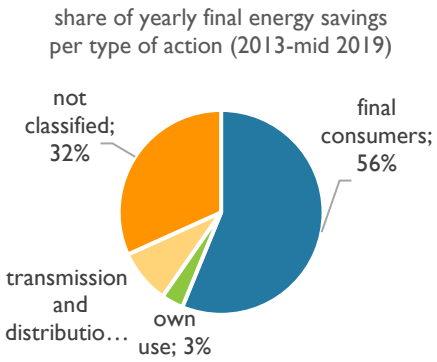




In the first years due to low supply of certificates most of the obligation was fulfilled with the substitution fee. The change introduced in 2016 resulted in the highest savings in 2017 when most of the certificates from the last auction in 2016 were issued. The certificates from this last auction and the transition period were still issued in 2018 and 2019 and less than 25% of savings were achieved from the new system. The data for the figure was gathered by the end of September 2019.

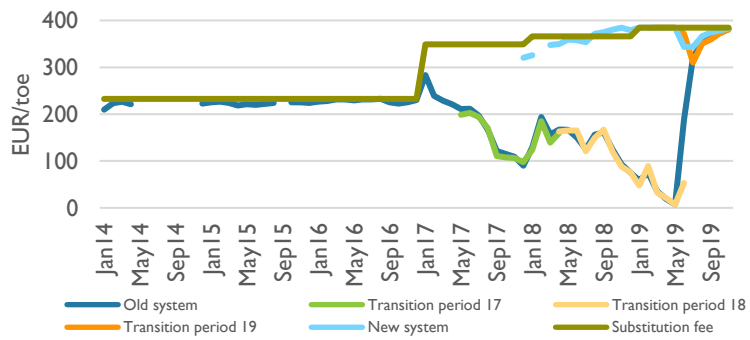


In the old system the certificates were granted through auctions held once a year. From 2017 the applications are submitted in a continuous manner. The classification of measures presented in the figure is not included in the official statistics, it comes from own analysis of short descriptions of all projects that are publicly presented.



To avoid unfair competition in the auctions in the old system, the applications were classified into 3 groups. Most of the savings were achieved form projects addressing final consumers. The classification is not valid in the new system started in 2017 as it was no longer needed for the auctioning process.

In general, most final energy savings so far were achieved in industrial processes and thermal renovation of buildings (34% and 33% respectively). Followed by modernisation of heating networks (13%).



Information about costs and benefits

Prices of the certificates on the market are different for each of 3 groups. Those types are: certificates from old scheme (which are valid until 2021), certificates from the transition period (valid only for the year they were issued in) and certificates from the new scheme (which as for now do not have expiration date).

Interview with Tadeusz Skoczkowski

Professor, Head of the Chair of Rational Use of Energy
Warsaw University of Technology

1) What have been the main changes and lessons learnt since 2017?

The scheme faces challenges resulting from a change of many key rules introduced in the Energy Efficiency Act in 2016. Those include but are not limited to:

- Change from yearly tenders to continuous application (with it abandoning the use of ω coefficient which influenced the value of certificates).
- Issuing certificates for final energy instead of primary energy.
- Limiting the possibility to fill the obligation with the substitution fee.
- Continuous increasing the value of the substitution fee.
- Allowing measures in industries covered by the EU ETS to apply for the certificates.
- Limiting the possibility to apply for the certificates only to planned projects.

2) And more specifically about monitoring, verification and controls?

The changes influenced the application process as the ex ante and ex post applications are now verified by the ERO. Additionally, the verification process is carried out continuously and not concentrated in a period related to auction.

The high number of applications for the last auction which results were announced in 2017 and the transition period caused many of those certificates still being processed and issued in 2019.

The monitoring of the results was limited because projects are no longer classified into three groups as it was in the previous scheme.

3) What are the main interactions with other policies?

The large scope of the scheme implicates many interactions with other policies. The projects that received financial support from thermal renovation programme or other public programmes when the support would exceed the amount set in state aid rules cannot apply for certificates. This rule does not apply to projects implemented with the support of municipal low emission programmes.

Furthermore, the projects from the EU ETS sectors are now eligible to apply for the certificates, which was one of the major changes introduced by the Energy Efficiency Act in 2016.

4) Are there challenges or changes foreseen for the coming years? (especially after 2020)

New legislation has not been introduced yet since the Energy Efficiency Act in 2016. However, prolonging the White Certificate Scheme and introduction of alternative measures is taken into consideration. Derisiking participation of the White Certificate Scheme will be the main challenge to attract new investments in coming years.

For the alternative measures allowed by art. 7, setting up a robust measurement, reporting and verification mechanisms to avoid double counting of energy savings and other negative influences of the introduction of such mechanism will be crucial.

5) If you could go back in time, what would you do differently?

The changes, however difficult, where necessary to fulfil the transposition of the EED. Better communication with the stakeholders and showing the benefits of the scheme to the end users during the first years could increase the results in that period and possibly avoid mistakes for the future. The major changes can have a very disruptive effect, so it is important to properly communicate them to lower the risk of participating especially in such a long-term mechanism.