



## **Act of 17 December 2020 on promoting energy production in offshore wind farms**

Investors planning on building wind farms on the Baltic Sea are probably rubbing their hands as the Polish lawmaker has finally started to clarify and regulate many problematic issues.

In December 2020 the Polish Parliament nearly unanimously adopted an act on promoting energy production in offshore wind farms (commonly known as the offshore act or offshore wind farms act), and on 13 January 2021 the Polish Upper House of Parliament adopted the act without amendments. Apparently there is no disagreement as to the fact that the Polish regulations were quite far from the actual situation of the offshore wind energy sector. The finalisation of the legislative process was very dynamic. Yesterday (21 January) President Andrzej Duda signed the act. Its substantial part will enter into force within 14 days from the promulgation, so changes may be expected already in February.

One of the indicators that this act was necessary is the fact that according to various estimations the offshore wind farms that are to be built by 2040 will create nearly 70,000 new jobs across Poland. The capacity of the farms is expected to increase to 6 GW in 2030 and to 12 GW in 2040. The amount of energy generated in offshore wind farms is planned to exceed the amount of energy generated from all other renewable energy sources altogether. These numbers and estimations speak for themselves.

Moreover, offshore wind farms fit into the global trend of promoting renewable energy, diversifying energy, and protecting environment.

From the investors' point of view, the offshore wind power means billions worth of investment projects, and potential state support.

The act on offshore wind farms governs, among other things, the rules and terms of providing support in the area of energy production in offshore wind farms, preparing and performing investment projects with respect to construction of offshore wind farms, as well as requirements that must be met to construct, use and remove offshore farms. A potential investor will find there a lot of helpful information which will make formal execution of projects in this sector slightly more predictable than before. Also the terminology has been clarified, for instance by introducing into the Polish regulations a legal definition of an offshore wind farm. The new regulations specifically govern the rules of covering a negative balance and providing support in this respect (including settlement rules), and sets out the rules of providing support in the form of a competitive auction (chapter 4 that specifies the rules of participating in the auctions contains a lot of useful information). For investors important is the part where the lawmaker specifically governed the content of a supply chain plan. Chapter 9 contains provisions regarding administrative proceedings that introduce some streamlining mechanisms, such as immediate enforceability of some administrative decisions (including a building permit and a water-law permit).

The new act is designed to operate separately from the renewable energy act due to the specific nature of the investment process regarding wind farms. It should make it easier to use the potential of the wind energy on the Baltic Sea and to make the development of companies from this sector more dynamic, for instance by encouraging to invest into offshore farms and providing necessary support.