

Appeal of the Union of Entrepreneurs and Employers to Senators of the Republic of Poland with regard to the “10H Act”

Considering the high demand for green energy in Poland, the Union believes that any and all decisions limiting the development of RES constitute a squandered opportunity for our country for numerous new investments, jobs, and a competitive advantage in the CEE region.

The change of wording in *the amendment to the act on investments in wind farms and some other acts* of the minimum distance of wind farms from buildings from 500 to 700 metres considerably limits the potential of onshore wind energy in the decade to come.

The Union of Entrepreneurs and Employers closely monitors the legislative process with regard to *the amendment of the act on investments in wind farms*, which is intended to restore investment opportunities in this field. Time and again, we have indicated the rising green energy deficit in Poland, threatening the functioning of companies exporting their products to EU markets. Onshore wind farms are nowadays the cheapest source of electricity, as well as an investment-effective source of green energy. In our view, the several years long delay in amending the act that would allow for renewed investments in onshore wind energy in Poland to be highly unfavourable for the entire Polish economy.

As part of the first reading of the draft amendment, during a joint meeting of the Sejm Committee for Energy, Climate and State Assets and the Sejm Committee for Local Government and Regional Policy, a significant change was introduced to it, aimed at increasing the minimum distance at which a wind farm may be located in relation to the residential development **from 500 to 700 metres**.

One ought to emphasise that the presented draft is a long-awaited legislative initiative, and the solutions included in it are the result of many years of cooperation and consultations with the involvement of a wide range of stakeholders, amongst them representatives of local governments, NGOs, the manufacturing sector, representatives industry, local communities etc. The solutions developed in the course of said legislative process lasting almost two years constitute a broad compromise, optimally reconciling the interests of various parties.

Ensuring green energy availability in the years to come will directly determine how competitive Polish economy is going to, while being a condition for future investments in Poland.

A large part of enterprises running their operations in Poland export their products, among others, to European markets. In the case of the furniture and automotive industries, it is approx. 80%. It is expected that all exports, including from the above-mentioned sectors, will have to be produced using low-carbon energy sources by 2026. Considering the current industrial consumption of electricity by the industry at the level of approx. 55 TWh annually, it will be necessary to provide 35-40 TWh of green energy a year for export needs. This, owing to investment opportunities and time required to develop manufacturing projects, can only be executed through the development of onshore wind energy and large-scale photovoltaic installations.

Increasing the distance from 500 to 700 metres also negatively impacts the functioning of communes themselves, limiting their ability to build residential facilities in the vicinity of existing wind farms. Hampering the development of wind energy also means limiting revenue streams for municipalities from property tax or other public levies related to investments carried out in the area of onshore wind farms. Local communities are also among the first potential groups to benefit from lower energy prices.

The above conditions were remarked on by the draft's initiators as part of the Regulatory Impact Assessment (hereinafter referred to as "RIA"), wherein numerous benefits resulting from the entry into force of the new regulations were elaborated on in detail, such as:

- significant impact on the finances of enterprises in the following sectors: construction, consulting, and design (*revenues of enterprises, according to the RIA, would amount to PLN 12.5-20.9 billion*), new jobs (*the removal of the above-mentioned administrative barriers would allow for development of onshore wind energy to 22-24 GW by 2040 with up to 42,000 jobs may be created related to the sector*),
- additional revenues from property tax (*in a cautious scenario, communes where wind farms will be located may obtain a total of over PLN 670 million from property tax alone, while in an optimistic scenario this amount may exceed PLN 1.1 billion*),
- lower electricity prices on the wholesale market (*in a scenario assuming a total installed capacity in Poland at the level of approx. 22 GW, total annual savings in energy costs may amount up to PLN 22 billion*),
- providing cheap, zero-emission energy to energy-intensive companies (*from the perspective of large enterprises, onshore wind energy in particular shows potential for development in direct long-term corporate power purchase agreements from RES (known as cPPAs), indicated, among others, in the Polish Energy Policy 2040, concluded directly between RES suppliers and recipients of large amounts of energy*)[1].

In the RIA, it was clearly emphasised that positive effects of regulatory changes elaborated on in detail in this document were based on specific parameters contained in the draft act. The most important of them is the mechanism for determining the minimum distance from residential buildings for locating onshore wind farms. Any and all modifications to this mechanism, in particular affecting its essential parameter, which is the permissible minimum distance, will considerably impact the effects of said regulations and thus make the benefits referred to in the RIA unattainable.

The change in question, that is, a minimum distance of 700 instead of 500 metres, will significantly reduce the generation potential of the RES sector. Considering the high productivity and cost-effectiveness of energy generation, as well as the relatively short period required to execute projects, it is the optimal answer to the energy crisis and is of fundamental importance from the point of view of industry operating in Poland.

From the analyses of the Union of Entrepreneurs and Employers and many industry organisations, it is clear that in the case of planned projects in areas with the type of residential development that is dominant in Poland, increasing the minimum distance to 700 metres will lead to a reduction in the original assumptions regarding the number of turbines and thus the installed capacity of projects, ranging from 60 to 85%. As a consequence, the vast majority of new wind projects will not be built at all or will be greatly reduced.

One should also note that the change increasing the distance from wind turbines from 500 to 700 metres will significantly limit the investment potential in rural areas.

Considering the data presented in the RIA, limiting the development potential of the onshore wind energy sector will clearly be unfavourable for local governments, entities in the supply chain for the sector, the construction industry, and the Polish energy-intensive industry, which, due to the limited availability of cheap zero-emission energy, is already facing the need to reduce employment.

Regardless of the above, it must be emphasised that this change, apart from the obvious reduction of the benefits described above, will also be negatively perceived by locally communities living in areas where investments in the field of wind farms are being planned.

It should also be stressed that the change in question stands in clear contradiction to the main goal of liberalising the rules for wind farm location, in process since mid-2021, which from the very beginning was to ensure the greatest possible authority of local governments and communities in the planning process, in the spirit of the principle of subsidiarity of power.

Increasing the minimum distance significantly reduces the possibility of real influence of local communities on this process, imposing a rigidly defined framework for the development of the onshore wind energy sector.

With all the above in mind, we appeal to the Senators of the Republic of Poland to introduce provisions aimed at restoring the original assumptions of the project, that is, the possibility of locating wind turbines no less than 500 metres from residential buildings in order to avoid a number of the described negative effects resulting from undermining the compromise developed in a long-term process, carried out among a wide group of stakeholders. One must stress that the mentioned minimum distance of 500 metres was recommended in the 2022 report by the Environmental Engineering Committee of the Polish Academy of Sciences “Wind power plants in the human environment”, co-authored by 37 scientists, members of the Polish Academy of Sciences. As part of their work, thorough field measurements of the impact of wind farms on the environment were carried out.

[1] All and all data provided in this paragraph are obtained from the Regulatory Impact Assessment presented in the Sejm Paper No. 2938