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Commentary of the Union of Entrepreneurs and Employers on the Cable Pooling Act

While the Cable Pooling Act is a key decision in terms of development with regard to the Polish renewable energy sector, in its current form it remains unattractive:

- energy from a hybrid installation in cable pooling will be cheaper than from a single RES source,
- the role to be played by energy storage in cable pooling is significant, provided that energy storage is not treated as a generation source,
- there is a risk of overregulation of connection sharing rules by generators, which will limit the potential for the emergence of new RES sources.

Presently, connecting new generation capacities to the National Power System is a considerable problem for the Polish energy sector as its reconstruction is both costly and time-consuming. A quick fix to this dilemma (at least to a certain extent) may be the shared use of a connection by renewable sources with different operating times and dynamics. By sharing such a connection, we get a more stable generation profile, which is desirable for the system. Unfortunately, the idea, without proper consultation, may easily turn into a useless regulation.

Proposals for amendments to the Energy Law presented by the Ministry of Climate regarding the so-called **cable pooling** constitute one of three key solutions for RES-related issues, critical for rapid development of RES in Poland, at an optimal investment cost.

Cable pooling is the possibility of using an already existing connection point, such as a wind farm, by another source, provided that the output power of such a hybrid power plant does not exceed the installed power allocated by the operator in the power connection agreement.

What does it mean in practice? If we have a wind farm with an installed capacity of **50 MW**, this is the exact maximum value of energy that we can introduce energy into the system. Most days of the year, the wind farms operate at half of the installed capacity, in this case **25 MW**, which means that there is still a possibility of introducing another 25 MW independently from the wind farm.

So, if we add **25 MW** from a photovoltaic installation to those 25 MW from the windfarm, we will get a much more efficient source of green energy. Furthermore, the operating times of a wind farm and a solar installation usually do not coincide in time, usually the wind blows stronger at night, and the photovoltaic installation works more efficiently during the day.

If we supplement such a hybrid installation with a **gas source with a capacity of about 10 MW** and replace it in the future with a hydrogen installation, we will have a local, stable source of energy **operating continuously with a fairly steady power** for at least **7,500 hours a year**.

Such an installation will generate **approx. 250,000 MWh** of energy per year, of which about **170,000 MWh** will be green.

At no time **will the energy introduced into the grid exceed 50 MW** of power, so there will be no need to modernise the connection to add further sources. And this is a significant saving when planning a new investment, thanks to which the energy from such a hybrid system **will be significantly cheaper** than with a single energy source.

Proper provisions in the amendment to the Energy Law **regarding cable pooling** will enable a quick construction of at least **5-7 GW of solar and wind energy sources** in Poland without the need for investors to wait for connection decisions, without overloading the power system. On a national scale, this could provide up to **12 TWh of cheap green energy**. **Some studies indicate that the potential of cable pooling in Poland is much larger, even at the level of 25 GW of new capacity.**

Without focusing on individual provisions of the Act, which still require some fine-tuning, the initiative of the Ministry itself should be evaluated positively.

It is also a decision that significantly **increases the energy security of the country**, because one should expect quick investments in new sources that will supplement the existing ones, and at the local level will ensure an adequate supply of green energy for local industry.

Unfortunately, a fairly clearly identified threat during consultations regarding cable pooling regulations, led by the Ministry of Culture and National Heritage, is the overregulation of the new legal institution.

Technical and regulatory requirements for each single element of the system (aimed at increasing the control of the Energy Regulatory Office (URE) or Polish Power Grids (PSE) over each generation source), in confrontation with the joint and several liability of a group of entities organised under one cable pooling decision, will cause both problems in controlling the generation capacity of individual energy sources and a lack of freedom to shape relationships within the manufacturing group. Moreover, there is a risk of dilution of responsibility within the group, for example, for exceeding the contractual capacity.

At the present stage, the Ministry of Culture and National Heritage has not yet indicated what cable pooling really is and what it is intended to be. Such assumptions would allow for self-discipline in drafting regulations and would limit the risk of their excessive detail, which currently makes the new law extremely difficult to enforce. The complexity of regulations may therefore cause cable pooling to be an option selected only by large energy players or investment groups that are not energy companies, but may block the development of cable pooling and try to monopolise connections.

In order to ensure that the Cable Pooling Act is widely implemented:

- remove from the act any and all provisions that go beyond metering, power control, and control of line overshoots,
- leave the broadly understood principle of freedom to conclude contracts between RES producers who are parties to a cable pooling contract,
- the need to control and the obligation to report generation from each source is rational, but control of each of them should remain the responsibility of business entities, and not

state authorities or institutions (in this case, the supervising entity would encroach on the principle of freedom to shape contractual relations),

- public authorities or institutions should only have at their disposal controllability of a power source as a whole solely at the connection point, and not of each generating device. Otherwise, it will disrupt business relations within the group and may become the source of civil lawsuits both against administrative authorities and between entities within said group,
- entities other than those licenced should not be allowed to be parties to cable pooling agreements, so that they do not block or monopolise connections, while not being subject to provisions of the Energy Law (due to the energy security of the state and undesirable actions of third parties),
- parties to the agreements (leaders of a potential joint venture) should only be entities that supply energy at a given connection point or are a licenced applicant for connection to the network,
- the basis of the operation of cable pooling is the stability and predictability of accumulated energy sources introduced at the connection point. Entities that ensure controllability of the energy introduced in accordance with the power demand should be rewarded, promoted, and exempted from fees – this will encourage people to add energy storage to the pooling cable system (so that power control is more flexible and resembles generation from commercial energy sources),
- energy storages operating within the cable pooling system should not be separated or treated as power generators, but together with another renewable source as one generation unit – assigned to a specific generating element.