



Polish capacity market mechanism

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Increasing demand for energy supply, mothballing, phasing out old inefficient power units, and the electricity shortages experienced in the summer of 2015 in Poland these are some of the reasons why Poland has introduced the capacity market mechanism¹. Its introduction adds a new commodity into the Polish energy market; net available capacity. Or, in other words, buying and selling the readiness to supply energy to the grid.

The first capacity auction took place in 2018 for the delivery years 2021-2023. Since then capacity auctions are held on a cyclical annual basis. Under the current regulations the last main auction will take place next year, i.e. in 2025, for the delivery period falling in 2030.

By the end of this year, the Polish Council of Ministers will assess the functioning of the capacity market. This assessment - together with proposals for introducing changes, if any – shall be presented to the Polish Parliament to determine further rules for the operation of the capacity market in Poland.

Selection of capacity providers

The capacity agreement is concluded with the capacity providers that won the capacity auction based on the preliminary results of the auction and subject to the final results. This trilateral agreement between a capacity provider, Polskie Sieci Elektroenergetyczne S.A. (the Polish Transmission System Operator), and Zarządca Rozliczeń S.A. (the Polish state-owned entity responsible for carrying out financial settlements in the capacity market) is concluded for a fixed term of one year, 5 years or 15 years depending on the unit type. Units qualifying for a five year- or 15-year-term agreement can receive an extra 2 years of delivery (the “green bonus”) if they meet additional requirements.



The capacity auctions are open to all market participants meeting the technical criteria (market-wide type) subject to completing the general and main certification. A successful general certification ends with entering a given unit/units into the capacity market register. The entire certification process is divided into several stages as shown in the table below:

Framework schedule for a capacity auction



*in case of a new generating capacity market unit and unproven DSR capacity market unit in the main auction

The capacity auctions are of Dutch-type, i.e. an auction consisting of multiple rounds with a decreasing price. The auction ends in the round in which the remaining volume of offered capacity equals the capacity demand for the auction in question, as announced by the Minister responsible for energy.

The foreign capacity providers can participate in the Polish capacity auction if their units are located in an EU Member State which has a direct interconnection to the Polish electricity system.



Electricity storage

Electricity storage systems have been increasingly present in the Polish capacity market. According to data published by Polskie Sieci Elektroenergetyczne S.A. (the Polish Transmission System Operator) in the general certification that took place in 2023², 17.922 GW out of the 69.6 GW total capacity of the units entered in the capacity market register were existing and planned electricity storage systems. As much as 1.7 GW of the 7 GW of capacity obligations are accounted for by electricity storage systems in the main capacity market auction for the delivery in 2028.

References:

- ¹ The Polish capacity market mechanism was approved by the European Commission in 2028 [272253_1977790_162_2.pdf \(europa.eu\)](#) (accessed: 20 February 2024 in English).
- ² https://www.pse.pl/documents/20182/98611984/Infografika_PSE_RynekMocy_CO2023 (accessed: 20 February 2024 in Polish only)