

TGE to expand its offering for RES. Presentation of a report on "The directions of the exchange market development for the RES sector"

Press Release

- **2 July 2021 saw the release of a report titled "The directions of the exchange market development for the RES sector" prepared by the Jagiellonian Institute on behalf of Towarowa Giełda Energii (TGE) and the Polish Wind Energy Association.**
- **The report is a starting point for further analyses of the potential TGE's offering for the RES industry and customers interested in long-term contracts for the purchase of energy from renewable sources. The recommendations of the Jagiellonian Institute presented in the report are the result of discussions with representatives of the RES industry, industrial consumers and trading companies.**

Renewable energy sources are becoming a real competition to coal-fired units. Renewable energy is increasingly being used by industries interested in cutting their electricity costs and achieving a greener energy mix. In line with global trends, TGE is planning to introduce solutions that will improve the transparency and security of transactions between RES generators and industrial consumers to stimulate the market dynamics.

The press conference dedicated to the presentation of the report on "The directions of the exchange market development for the RES sector" was attended by: Ireneusz Zyska – Secretary of State, Government Plenipotentiary for Renewable Energy Sources in the Ministry of Climate and Environment (honorary patron of the report); Piotr Zawistowski – President of the Management Board of the TGE; Irena Gajewska – Communications Director at the Polish Wind Energy Association and Vice-President of the RE-Source Poland Hub Foundation; Marcin Roszkowski – President of the Jagiellonian Institute and Henryk Kaliś – Chairman of the Electricity and Gas Consumers Forum.

"Global climate challenges as well as the EU's energy and climate policy goals driven by concerns about the condition of the natural environment oblige us to take action in order to strengthen environmental care, optimise the use of natural resources, increase energy efficiency and improve the competitiveness of the economy, and, above all, advance the citizens' well-being" said Minister Zyska. "We are witnessing the development of renewable energy sources at a dizzying pace. In Poland, the key driving forces for the RES sector include photovoltaics and wind farms – currently onshore but soon also in the Baltic Sea. This is a considered policy to develop RES, which brings tangible results in the process of building a low-carbon economy and a zero-carbon energy system" he added.

The presented report sets the direction for the development of the Exchange and its mechanisms in the RES area. The publication outlines TGE's plans to introduce new products on the exchange market, similar to cPPA standards, which will reduce investment risk for both the green energy generators and consumers as well as the institutions providing financing for these sources.

¹ **Towarowa Giełda Energii S.A. (TGE)** is the only licensed commodity exchange in Poland, holding a licence to operate a regulated market since March 2015. The Exchange is the Nominated Electricity Market Operator (NEMO) for the Polish pricing area. Since 15 November 2017, TGE has been active on the European Day-Ahead Market SDAC. On 19 November 2019, the Exchange launched its cross-border SIDC Intraday Market based on the XBID model. TGE is included on the ACER's list of platforms for reporting transaction information according to REMIT requirements. Since March 2012, TGE has been a member of the Warsaw Stock Exchange Group.

"In view of the growing importance of energy production from renewable sources, TGE, together with the Polish Wind Energy Association, set out to develop adequate solutions for the RES sector. The report we present to you is the first result of our cooperation. It outlines a range of exchange-based solutions, including the opportunities offered by cPPAs. The instruments we plan to develop will facilitate the execution of corporate power sales contracts on a large scale. The report also provides a basis for further consultations with the market and a stimulus for initiatives within the TGE Group, PWEA and experts interested in exchange-based mechanisms" noted Piotr Zawistowski, President of the Management Board of TGE.

According to the National Energy Policy until 2040, the share of RES in gross final energy consumption in Poland in 2030 will reach at least 23%. In order to achieve this goal, it is necessary to turn to zero-emission sources, i.e. to wind or solar power, which are not only environmentally friendly but also economically viable. Onshore wind is currently the cheapest power generation technology, as best demonstrated by the 2018-2020 auctions, in which the amount of electric power contracted by wind investors totalled 161.8 TWh. The price competitiveness and carbon-free nature of onshore wind power are the key factors that the Polish industry is focusing on in order to remain competitive in global markets.

"Already today, onshore wind power accounts for around 10% of the generation capacity in the national power supply system. This year it will provide around 17 TWh of clean and emission-free energy. Onshore wind will also contribute to the reduction of CO₂ emissions by 15 million tonnes in 2021. RES investors are ready to provide Polish industry with access to clean onshore wind energy, and the pending amendment of the so-called sweeping distance act gives hope that onshore wind farms will be able to continue their dynamic growth and power production" said Janusz Gajowiecki, President of the Polish Wind Energy Association. "As co-authors of the report, we believe that it will be an important contribution to a broad market discussion on the shape of new instruments supporting the RES development" added Gajowiecki.

The need to unlock onshore wind development was also stressed by Henryk Kaliś, Chairman of the Electricity and Gas Consumers Forum, who added that in order for Polish industry to build its competitiveness on the basis of RES energy, it is necessary to establish a direct link between the generator and the industrial user, and this question is addressed by a pending amendment to the Energy Law and the RES Act.

As the next step towards the extension of its offering for RES, TGE will set up a working group to define key assumptions and principles for the functioning of the recommended market model, taking into account the requirements of legal relations and business regulations, analyse the associated benefits, operating costs and risks, and carry out consultations with the Exchange's market participants.