Brussels, 10.09.2012  
C(2012) 6360  

PUBLIC VERSION  
WORKING LANGUAGE  
This document is made available for information purposes only.

Subject: State aid SA.34471 (2012/N) – Poland  
Aid for modernisation and replacement of electricity distribution networks in Poland

Dear Sir,

The Commission wishes to inform Poland that, having examined the information supplied by your authorities on the matter referred to above, it has decided to raise no objections to the aid measure.

I. PROCEDURE

1. By electronic notification of 12 March 2012, the Republic of Poland notified the modification of the scheme N 56/2009 Aid for modernisation and replacement of electricity distribution networks in Poland, according to the Article 108 (3) of the TFEU.

2. The Commission asked additional information by a letter of 22 June 2012. The Polish authorities submitted the requested information by letter registered on 11 July 2012.

Jego Ekscelencja  
Pan Radosław SIKORSKI  
Minister Spraw Zagranicznych  
Al. J. Ch. Szucha 23  
00-580 Warszawa  
POLSKA
II. DESCRIPTION OF THE MEASURE

3. The Commission decided not to raise objections on the scheme N 56/2009 on 13 July 2009. The scheme was considered to be in compliance with Article 87 (3) (c) of the EC Treaty (now Article 107 (3) (c) of the TFEU).

4. The Polish authorities now propose to increase the total budget from PLN 595.5 mln (circa EUR 140 mln) to PLN 820.9 Million (circa EUR 193 mln).

5. The aid is being granted for modernisation and replacement of electricity distribution networks with the aim to reduce energy losses, which in Poland constitute almost 10% of gross energy generated. In absolute terms, in 2004 these losses amounted to 14 264 GWh of electricity, which is equivalent to continuous operation of a power station with a capacity in excess of 1600 MW at full attainable power for an entire year. By comparison for the West-European countries of the European Union, in 2003 the total electricity losses in the grid were, in absolute terms, about 150 TWh annually, which was 6.5% of total electricity demand. If grid losses in Poland could be reduced to a level of 6.5%, energy savings of the order of 5000 GWh annually would be achieved, which could be translated into a cutback of 4,328,400 tonnes of CO2 emissions.

6. The aid is addressed to projects where, the greatest limitation of grid losses in electricity grids can be achieved, namely by replacing low-energy-efficiency transformers (providing a ca. 40-50% reduction in losses at such installations, depending on the condition of the replaced transformer and the type of new transformer), shortening very long stretches of line (by about 5-30%, depending on the voltage, the length of the line and its loading) and changing the cross-section of conductors to adapt them to current grid operating temperatures (by about 20%).

7. The purpose of the budget increase is to have a higher number of beneficiaries being able to take advantage of the scheme. The criterion of selection of the potential beneficiaries will not be altered compared to the one established within the scheme N 56/2009 Aid for modernisation and replacement of electricity distribution networks in Poland. These beneficiaries will continue to be selected based on open tenders in order to choose the most profitable projects for which the main criterion will be the resulted energy saving and the underlying cost of saving of one MWh.

8. The Polish authorities have confirmed that all the provisions of the scheme N56/2009 remain in force while the sole modified feature of the scheme is the overall budget.

9. In particular, the Polish authorities confirmed that the maximum aid intensity for supported projects will remain at the level of 85% of the so called "funding gap". This method limits the aid to 85% of investment costs minus all foreseeable revenues resulting from operating the infrastructure after investment.

---

1 OJ C 206 of 13 July 2009
2 The same budget applies for investments in district heating projects which are not subject to this notification. Poland cannot predict how big will be the part of the budget for the electricity infrastructure.
III. ASSESSMENT

10. As confirmed by the Polish authorities, except for the budget changes, the other provisions of the scheme remain unchanged.

11. In line with its decision of 13 July 2009 in case N 56/2009, the Commission concludes that the measure involves state aid within the meaning of Article 107(1) TFEU. In their notification of the planned budget increase, the Polish authorities do not challenge that conclusion.

12. By notifying the budget changes to the scheme before implementation, the Polish authorities have fulfilled their obligation according to Article 108 (3) of the TFEU.

13. The increase in budget does not change the positive assessment of the compatibility of the scheme with the internal market pursuant to Article 107 (3) (c) of the TFEU, as set out in the Commission decision of 13 July 2009 in case N 56/2009. In particular, the scheme shall continue to i) contribute to the common interest objective of increasing energy savings thereby indirectly contributing to improved environmental protection, ii) constitute an appropriate instrument to achieve this objective iii) remain proportionate as to amounts of aid, which shall furthermore be granted in an open competition ensuring best value for money and iv) entail limited distortions of competition and trade between Member States, thereby showing a net positive balance of its effects.

14. Therefore, the Commission considers the scheme with the planned increase of budget as compliant with Article 107 (3) (c) of the TFEU.

IV. CONCLUSION

15. The Commission considers that the budget increase of the earlier approved aid scheme is compatible with the internal market. The Commission accordingly decides not to raise objections against the proposed modifications.

16. The Commission reminds the Polish authorities that, in accordance with Article 108 (3) of the TFEU, plans to refinance, alter or change this scheme have to be notified to the Commission pursuant to provisions of Commission Regulation (EC) No 794/2004 implementing Council Regulation (EC) No 659/1999 laying down detailed rules for the application of Article 108 of the EC Treaty3.

17. If this letter contains confidential information which should not be disclosed to third parties, please inform the Commission within fifteen working days of the date of receipt. If the Commission does not receive a reasoned request by that deadline, you will be deemed to agree to the disclosure to third parties and to the publication of the full text of the letter in the authentic language on the Internet site:

http://ec.europa.eu/competition/elojade/isef/index.cfm

3 OJ L 140, 30.4.2004, p.1
Your request should be sent by registered letter or fax to:

European Commission  
Directorate-General of Competition  
State Aid Registry  
B-1049 BRUSSELS  
Telefax nº: + 32-2-296.12.42

Please, mention the name and number of the case in all the correspondence.

Yours faithfully,

For the Commission

Joaquín ALMUNIA  
Vice-president