EUROPEAN
COMMISSION

Brussels, 21.11.2023
SWD(2023) 381 final

COMMISSION STAFF WORKING DOCUMENT

Analysis of the recovery and resilience plan of Poland

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

amending Implementing Decision (EU) (ST 9728/22 INIT; ST 9728/22 ADD 1) of 17 June 2022 on the approval of the assessment of the recovery and resilience plan for Poland

{COM(2023) 745 final}

Table of contents

1. EXECUTIVE SUMMARY

The Polish economy recovered quickly from the COVID-19 pandemic, but economic growth is expected to stall in 2023. Poland was one of the fastest-growing economies in the EU during the post-pandemic period, benefiting from strong policy support, low unemployment, and continued inflows of foreign direct investment. However, Russia's invasion of Ukraine has put significant pressure on the economy. Elevated commodity prices are weighing on both real disposable incomes (i.e. incomes adjusted for inflation) and consumption growth, especially given the high share of energy in the consumer basket. High uncertainty, a deteriorating business sentiment, and the increased cost of borrowing are impacting economic activity. As a result, the Commission's forecast projects economic growth to slow considerably in 2023 before picking up in 2024 and 2025.

To tackle these challenges, Poland submitted on 31 August 2023 a modified national Recovery and Resilience Plan (RRP), including a REPowerEU chapter on the basis of Article 21c of the RRF Regulation, to the Commission. For the modification of its RRP, Poland has relied on the following legal bases: Article 14(2) of Regulation (EU) 2021/241 (RRF Regulation) to include additional loan support, Article 18(2) of the RRF Regulation to take into account the updated maximum financial contribution published on 30 June 2022 and Article 21 of the RRF Regulation considering that its initial RRP is partially no longer achievable because of objective circumstances. Poland therefore made a request to the Commission to make a proposal to amend the Council implementing decision approving the assessment of Poland's RRP.

The modifications submitted by Poland affect six measures on the basis of Article 14 of the RRF Regulation, four measures on the basis of Article 18(2) of the RRF Regulation and 55 measures on the basis of Article 21 of the RRF Regulation. In addition, errors of a clerical nature that do not reflect the content of the initial plan submitted by Poland have been identified in the text of the Council Implementing Decision and Poland proposed corrections.

The REPowerEU chapter contains measures to help address the key energy challenges that Poland is currently facing. The REPowerEU chapter includes seven new reforms, six new investments and three investments transferred from the initial RRP (two of which have been scaled-up).

The reforms concern (i) the streamlining of permitting processes for RES, (ii) the removal of barriers to the integration of RES into electricity grids, (iii) the development of models and tools to support the development of renewable energy sources (RES), (iv) the policy support to energy efficiency and the accelerated phase-out of fossil fuels in home heating, (v) the policy support to skills for the green transition, (vi) the facilitation of development of local energy communities and (vii) the policy support to sustainable mobility.

The new investments include (i) support for institutions implementing the REPowerEU measures, (ii) the development of electricity distribution networks in rural areas, (iii) the establishment of a fund supporting offshore wind farms, (iv) the establishment of a fund supporting the energy transformation, (v) improving energy infrastructure and facilities to meet immediate security of supply needs for gas and (vi) non-repayable and loan support to energy storage systems. Finally, the REPowerEU chapter includes investments transferred from the initial RRP, which concern (i) a scaled-up support to RES installations implemented by energy communities, (ii) a scaled-up support to electricity transmission networks and (iii) the acquisition of zero-emission buses.

Based on the assessment of the submitted modification and the REPowerEU chapter, the Polish modified plan receives an A-rating on all criteria (including the two additional criteria for the REPowerEU chapter), except for costing, where the plan receives a B-rating (unchanged from the assessment of the initial plan).

(1) Balanced Response	(2) CSRs	(3) Growth, jobs…	(4) DNSH	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M & T	(9) Costing	(10) Control Systems	(11) Coherence	(12) REPowerEU	(13) Cross-border
A	A	A	A	A	A	A	A	B	A	A	A	A

2. OBJECTIVES OF THE MODIFICATION OF THE PLAN

2.1. The modified plan addresses Poland's main newly emerged challenges

Poland's modified RRP continues to address a significant subset of the challenges identified in the country-specific recommendations (CSRs) for Poland in 2020 and 2019. The modified plan, including the REPowerEU measures, effectively addresses all or a significant subset of the challenges identified in the relevant energy CSRs issued in 2022 and 2023 in the context of the European Semester.

2.2. Overview of new and modified components

The most important modifications of the modified RRP, including the REPowerEU chapter are listed below by component.

- **Component A.1 (Reducing the impact of COVID-19 on businesses)** is modified by removing the measure concerning the support for the preparation of investment sites for investments of key importance for the economy (A1.2 and A1.2.2), which are no longer achievable due to lack of demand on the side of main beneficiaries (investment zones) following the increased costs of preparation of the investment sites. Support to investments for enterprises in products, services and competences of employees and staff related to the diversification of activities (A1.2.1) is modified due to reduction of allocation and increased costs of services to be provided. The requirements of the land-use planning reform (A1.3) are revised to better address the challenges in spatial planning policy in Poland. The targets linked to the process of the implementation of the reform and adoption of the general spatial development plans (A1.3.1) are also adapted due to increased costs of preparing the spatial documents.

- **Component A.2 (Development of the National Innovation System: strengthening coordination, stimulating innovation capacity and cooperation between businesses and research organisations, including in environmental technologies)** is modified by deleting investments for the creation of a model hub to support creative industries (A2.5.2) due to unexpected difficulties in the implementation process. All resources freed up are used for increasing the allocation and target for the programme to support the activities of cultural and creative operators to stimulate their development (A2.5.1). Furthermore, support to the system and infrastructure for unmanned vehicle traffic management (A2.3.1) is being reduced due to finding a better alternative for the implementation of the measure. Consequently, the description of the measure and its milestones and targets were adapted. Finally, the interim deadline of investments supporting extension of the national system of monitoring services, products, analytical tools, services and associated infrastructure using satellite data (A2.6.1) is postponed due to unforeseen legal and technical difficulties linked to a very complex public procurement process with the participation of international consortia.

- **Component A.3 (Education for the modern economy)** is modified by decreasing an intermediary target for investments in modern vocational training, higher education and lifelong learning (A3.1.1), as a cost increase has led to delays.

- **Component A.4 (Increasing structural matching, efficiency and crisis resilience of the labour market)** is modified by removing the investment on supporting telework schemes in companies (investment A4.4.1), which turned out to be no longer needed since most companies have implemented teleworking schemes in the meantime. Freed up RRF resources are reallocated to an existing investment providing for childcare facilities (A4.2.1) to allow the latter to keep the same level of ambition despite increased costs. Furthermore, the description of the reform on labour market segmentation (A4.7) was slightly amended to keep the sickness insurance contribution voluntary for contracts for specific task, which takes into account a short duration of these contracts. The timeline for this measure is adjusted to prepare the enterprises for increase in labour costs and Social Insurance Institution to adjust its IT system.

- **Component B (Green energy and energy-intensity reduction)** is modified under article 21 due to increased prices, better ways to implement the corresponding measures, delays in the design of the measures as well as a measure being no longer achievable. Targets related to the replacement of heating sources (B1.1.2, B1.1.3), and to investments in sustainable water in rural areas (B3.3.1) were reduced due to a high level of inflation affecting the cost**.** For the investment in energy efficient housing for low- and medium-income households (B3.5.1), the timeline for implementation was also extended, while for the investment in water and waste-water infrastructure (B3.1.1), the scope of the measure was also amended to address the impact of inflation. Additionally, for B.2.1.1 the measure is amended to reflect the impact of costs in hydrogen-related infrastructure. Amendments to B2.2.3 (construction of offshore terminal infrastructure) reflected modifications to the scope of the measure due to increased cost. Moreover, due to the increased construction costs, the investment in remediation of a former brownfield site under measure B3.2.1 was removed. Under Article 21, Poland also removed measure B2.4.1 on energy storage, which was no longer achievable in the original form**,** and deleted measure B2.3.1. related to the construction of offshore wind farms due to lack of demand for the support under this measure. With regards to the financial instrument on the green transition of cities (B3.4.1), the final target of signature of contracts was reduced to address the impact of inflation and increased costs. Allocations freed up by the removals of A2.5.2, B2.3.1, B2.4.1, C1.2.1, E2.3.1 and the decreased allocations of B3.2.1, B3.3.1, B3.5.1 and C2.2.1 from the loan part of the original plan are reallocated to the instrument and two additional targets are included for this revised allocation. A new target B27aL covers projects completed for the revised budget allocation. Measure B2.2 (Improving the conditions for the development of renewable energy sources) has been moved to the loan part. Finally, under article 18, measures covering the development of transmission networks (B2.2.1) and the installation of renewables operated by energy communities (B2.2.2) were transferred to REPowerEU to account for the decrease in the maximum financial contribution for Poland.

- **Component C (Digital Transformation)** is modified by decreasing **i**ts budget, adjusting the scope of the measure on public e-services and targets (C2.1.1) to take into account implementation difficulties and focus on e-services and IT systems enabling citizens to deal with administrative matters online. The measure related to ensuring the level-playing field for schools with mobile multimedia devices (C2.1.2) has been amended to reflect a better alternative in the delivery method, introducing a voucher system for provision of laptops for teachers. The measure concerning e-competences (C2.1.3) has been revised due to a cost increase, with targets related to digital coordinators in municipalities being removed and targets related to the trainings being reduced. The cybersecurity measure (C3.1.1) has been restructured to take into account the changed risk assessment caused by the Russian aggression, resulting in the revision of the decision on a secure location for the data centres and to harmonise the scope of the cybersecurity projects. As for the loans part, measure C1.2 has been amended to reflect a better alternative by adjusting its scope to the identified needs, while measure C1.2.1 has been removed as the change in parameters for the auction of one of the bands pioneering 5G networks resulted in the coverage obligations of the winners of the planned auction to cover the vast majority of Poland by market operators, thus rendering the public investment in this field redundant. The Measure C2.2.1 on equipping schools/institutions with adequate ICT devices and infrastructure to improve the overall performance of education system has been amended to provide a greater flexibility in the selection of the IT equipment for teachers. The investment on high-speed internet connection in schools is transferred from the loan part (measure C2.2.1) to the grant part (C1.1.1). The modified RRP also includes a new digital measure, to be implemented via a financial instrument, related to supporting the digital transformation of businesses through the use of cloud computing (C4.1.1).

- **Component D (Effectiveness, accessibility and quality of health system)** is modified by reflecting the influx of Ukrainian refuges on certain hospitals in the description of the milestone relative to the restructuring of health services under reform D1.1. In reform D2.1 the target on the number of paramedics who complete their master's degree is decreased proportionally which is due to the delay in adoption of the relevant acts of law in order to fully reflect the outcome of the public consultation. For the same reason, the fulfilment of the target concerning certification of competences of doctors and dentist is postponed. The establishment of the Centre for digitisation of medical documentation, which is a part of investment D1.1.2, is postponed for one year (to Q3 2025) due to supply chain disruptions that caused serious delays in deliveries of essential elements of IT infrastructure and equipment. Investment D.2.1.1 is changed by adding mentoring for graduates of nursing, midwifery and paramedical studies next to mentoring for students of these faculties to align the measure and milestone requirement to the original RRP proposal. In addition, the breakdown of renovated libraries and dormitories was adjusted to the current needs of universities without changing the overall target, hence not affecting the level of ambition of the whole measure. In investment D3.1.1 the number of additional Clinical Trial Support Centres is reduced due to high inflation. For the same reason, the targets in investment D1.1.1. on modernisation of hospitals' infrastructure are revised downwards. Finally, in the loans part, milestone description in investment D1.2.1. to support the transformation of district hospitals into long-term care and geriatric care units is changed by allowing hospitals to present an equivalent document to the restructuring plan.

- **Component E (Green, smart mobility)** is modified by changing the timeline of the implementation of the investment in low and zero-emission buses for use in inter-urban transport (E1.1.2) due to supply constraints. In investment E1.1.1, the targets for the annual production capacity of new zero-emission vehicles, production and installed storage capacity (batteries) and number of SMEs and mid-caps supported are revised downwards due to high inflation. For the same reason, the targets in investments E2.1.1 on the railway lines, E2.1.2 on the railway passenger rolling stock and E2.1.3 on the intermodal projects are reduced. Due to a significant cost increase, the investment in single railways passenger ticketing system is removed. Freed up RRF resources are reallocated to two other existing investments in digitalization of transport (E2.2.2). Finally, in the loan part, targets in investment E1.2.1 aimed at purchasing zero-emission urban transport (trams) are revised downwards to reflect high inflation. Moreover, due to supply chain disruption, the reform under E3.2 has been amended and the investment in new electric and ERTMS-equipped regional trains under E2.3.1 has been removed.

Component G – REPowerEU chapter

Under the REPowerEU chapter and based on Article 18 and 21c of the RRF Regulation, Poland has proposed an ambitious set of measures, comprised of seven new reforms and nine investments. Within these investments, three are transferred from the initial RRP (of which two have been scaled-up) and two are new and different versions of investments removed from the initial RRP. These reforms and investments are spread across six sub-components (three related to non-repayable financial support and three to repayable financial support):

- stimulating investments in renewable energy sources by empowering citizens and businesses to participate in the clean energy transition and removing barriers to the deployment of renewable energy sources (sub-component G1.1.);
- overhauling the electricity grids to accelerate the integration of renewable energy sources (sub-component G1.2.);
- developing sustainable transport (sub-component G1.3.);
- improving renewable energy deployment, green skills, and energy efficiency (sub-component G3.1.);
- improving energy infrastructure and facilities to meet immediate security of supply needs for gas (sub-component G3.2.); and
- energy storage system (repayable support) (sub-component G3.3).

Within these sub-components, the REPowerEU chapter includes a set of reforms intended to address many facets of the energy transition. These reforms are in line with the objectives described in Article 21c(3)(b) of the RRF Regulation (increasing the share and accelerating the deployment of renewable energy), Article 21c(3)(c) (addressing energy poverty), Article 21c(3)(e) (addressing internal and cross-border energy transmission and distribution bottlenecks) and Article 21c(3)(f) (requalifying the workforce towards green skills). These reforms concern:

- the streamlining of permitting for RES (G3.1.1.), with the objective of accelerating the deployment of RES installations and with a focus on photovoltaic and onshore wind[1];
- the removal of barriers to the integration of RES into electricity networks (G1.2.2.), by facilitating, in particular, the process of connecting new RES, thereby better integrating them into electricity transmission and distribution network;
- the regulatory solutions for accelerated integration of renewables into distribution grids (G1.2.1.), with the objective of improving the Energy Regulatory Office’s capacity to assess Distribution System Operators’ development plans and shape tariffs to reduce barriers to RES development;
- the boosting of energy efficiency and phase-out of fossil fuels in home heating (G3.1.3.), in particular by facilitating home renovations;
- the update of key sectoral qualification frameworks (G3.1.2.), to help accommodate the growing demand for workers with green skill at the labour market;
- the facilitation of the development of local energy communities (G1.1.1.), by identifying barriers hindering the development of these communities; and
- the support to sustainable transport (G1.3.1.), by mandating action plan for the transport sector in Poland to reduce emissions of greenhouse gases and air pollutants.

In parallel, the investments in the REPowerEU chapter accompany these reforms, by financing the following investments:

- Installations of renewable energy sources implemented by energy communities (G1.1.2.). This investment shall consist of financial pre-investment support and

[1] The target set in this measure for photovoltaic and onshore wind installations is without prejudice to the Commission’s assessment on the updated target in the coming National energy and climate plans (NECPs).

investment support to energy communities and is a scaled-up version of measure B2.2.2. in the original RRP.

- Non-repayable and loan support to energy storage systems (G1.1.3 and G3.3.1). This investment shall consist in implementing energy storage projects, with the aim of increasing efficiency of the use of RES sources by facilitating electricity balancing in the electricity system.
- Support to institutions implementing the REPowerEU reforms and investments (G1.1.4.). This is a new investment that aims to provide financial support to the institutions responsible for the implementation of the chapter.
- The development of transmission networks, smart electricity infrastructure (G1.2.3.). This investment shall consist of the development of transmission lines, along with the construction or modernisation of relevant stations and the implementation of information technology systems required for their operation. This measure was scaled-up compared to investment B2.2.1 included in the original RRP.
- The construction or modernisation of electricity distribution networks in rural areas to enable the connection of new renewable energy sources (G1.2.4.). This new investment shall consist of the extension, modernisation, and digitalisation of distribution networks in rural areas, with a view to enabling the connection of new renewable energy sources in these areas.
- The purchase of zero-emission buses for urban transport (G1.3.2.). This is an investment that consists of transfer of part of measure E1.1.2 from the original RRP, on the basis of Article 21c(2) of the RRF Regulation and following the decrease in Poland’s maximum financial contribution.
- Support to the national energy system, via the Energy Support Fund (G3.1.4.). This new investment shall consist of financial support in the form of loans provided by Bank Gospodarstwa Krajowego (BGK) to the private sector and households, as well as to public sector entities engaged in similar activities, in order to incentivize private investment and improve access to finance in the sectors of the Polish economy directly bearing the costs of the energy transition.
- A public investment in a facility, in order to incentivize private investment and improve access to finance in Poland’s offshore wind energy sector (G3.1.5.). This investment shall consist of financial support in the form of loans, provided by an Offshore Wind Energy Fund managed by BGK, for the development of offshore wind farm projects.
- Finally, the investments include the construction of natural gas infrastructure (G3.2.1.), specifically a 250 km extension of the gas transmission network between Gdańsk and Gustorzyn, which improves energy infrastructure and facilities to meet immediate security of supply needs for gas, including liquified natural gas, notably to enable diversification of supply in the interest of the Union as a whole (thereby contributing to the objective set out in Article 21c(3)(a)).

Together, these reforms and investments are expected to increase the resilience, security, and sustainability of the Union energy system, notably by contributing to energy security, to the necessary reduction of dependence on fossil fuels before 2030, and to the diversification of the Union’s energy supply, as further explained in section 3.12 below.

Table 1: New and modified components and associated costs.

Component	Status	Costs (EUR million)
A - Resilience and competitiveness of the economy	Modified	4 395
B - Green energy and energy intensity reduction	Modified	15 370
C - Digital transformation	Modified	3 940
D - Efficiency, accessibility and quality of the health system	Modified	4 381
E – Green, smart mobility	Modified	6 457
G - REPowerEU	New	25 276

2.3. Other elements not covered by assessment criteria

The previous description of the Polish RRP's focus on gender equality and equal opportunities for all, as set out in the previous Staff Working Document *SWD(2022) 161 final*, remains relevant. Poland has explained that several new/REPowerEU measures will have a positive impact on gender equality and equal opportunities for all. Poland notably explained that the horizontal criterion for the selection of investments, concerning compliance with the principles of equal opportunities and non-discrimination and equal opportunities for women and men, shall be maintained and that it is checked that the project does not restrict equal access to resources (goods, services, infrastructure) on the grounds of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility. Union funds channelled through the authorities of Member States, like the RRF funds, become State resources and can constitute State aid. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation (GBER) declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[2]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Poland in the RRP cannot be deemed a State aid notification. In as far as Poland considers that a specific measure contained in the RRP entails de minimis aid or aid exempted from the notification requirement, it is the responsibility of Poland to ensure full compliance with the applicable rules.

[2] Commission Regulation (EU) 2023/1315 of 23 June 2023 amending Regulation (EU) No 651/2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty and Regulation (EU) 2022/2473 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 167, 30.6.2023, p. 1–90, available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1315.

3. SUMMARY OF THE ASSESSMENT OF THE PLAN

3.1. Comprehensive and adequately balanced response to the economic and social situation

The modifications to Poland's RRP do not affect the previous positive assessment, which concluded that the RRP is a comprehensive and adequately balanced response to the country's economic and social situation. The update of the Polish RRP makes use of non- repayable and loan support in line with the increased need of a stronger response to the renewed economic challenges. The economic and social consequences of COVID-19 crisis have been further aggravated by Russian's unprovoked military aggression on Ukraine and the consequent energy crisis, which led to a significant increase in inflation (HICP in Poland reaching 13.2% in 2022, one of the highest in EU). This contributed to further challenges in terms of achieving the green and digital transition, maintaining a social equity when confronted with the high inflation and ensuring further economic growth.

As a result, the update of the plan modifies several existing components and adding new measures which address all the six pillars of the facility, including: (i) green transition due to the REPowerEU chapter, (ii) social and territorial cohesion with the revised measure B3.4.1 *Investing for the green transition of cities* and a new measure G1.2.4. *Construction or modernisation of electricity distribution networks in rural areas to enable the connection of new RES sources*, (iii) smart, sustainable & inclusive growth addressed in a revised measure A2.5.1 *Programme to support the activities of cultural and creative operators to stimulate their developmen*t, (iv) Policies for the next generation addressed in an extended measure A4.2.1 *Support to childcare facilities for children up to three years old (crèches, children's clubs) under the MALUCH+ programme*, (v) Health, and economic, social and institutional resilience addressed in the increased measure A1.4.1 *Investments to diversify and shorten the supply chain of agricultural and food products and build the resilience of the entities in the chain*, and (vi) Digital transformation addressed in a new measure C4.1.1 *Supporting the digital transformation of businesses using cloud computing* (new investment).

Table 2: Coverage of the six pillars of the Facility by the new or modified RRP components

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
A - Resilience and competitiveness of the economy	○	○	●	○	○	○
B - Green energy and energy intensity reduction	●	○	○	○		
C - Digital transformation		●			○	○

	Green transition	Digital transformation	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
D - Efficiency, accessibility and quality of the health system		○	○		●	
E – Green, smart mobility	●	○	○	○		
F – Improving the quality of institutions and the conditions for the implementation of the RRP (not under the revision)			○		○	
G - REPowerEU	●	○	●	○	○	○

Key: "●" investments and reforms of the component significantly contribute to the pillar; "○" the component partially contributes to the pillar

Taking into consideration all reforms and investments envisaged by Poland, its modified RRP continues to represent, to a large extent, a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Poland into account. This would warrant a rating of A under criterion 2.1 in Annex V to the RRF Regulation.

3.2. Link with country-specific recommendations and the European Semester

The RRP addendum together with the REPowerEU addresses a significant subset of Country-Specific Recommendations identified in the European Semester. The modified plan includes several targeted changes to Poland's original RRP that do not undermine the level of the ambition of the reform agenda for Poland and therefore do not affect the previous assessment of the coverage of a significant subset of the challenges identified in the country-specific recommendations (CSRs) 2020 and 2019. In particular, Poland continues its effort to make public spending more efficient, increase labour market participation and effective retirement age, address labour market segmentation, provide more childcare and long-term care places, promote the sustainability of transport, improve digital skills and promote the digital transformation of companies and public administration.

Furthermore, as the maximum financial contribution for Poland has been adjusted downwards and the loan requested is only intended to be used for REPowerEU objectives or energy measures of the current plan, the 2022 and 2023 recommendations not related to energy challenges are not considered in the overall assessment.

On 14 July 2023, the Council recommended Poland to take action in several energy policy areas. Since the progress over the energy-related CSRs from 2022 was assessed as limited, 2023 CSRs were mostly repeated from 2022. Poland was recommended to accelerate the phase-out of fossil fuels (2023 CSR 4.1 and 2022 CSR 6.1.) and (accelerate) the deployment of renewable energy. It was recommended to reform the legal framework for grid connection permitting and for renewable energy sources, including energy communities, biomethane and renewable hydrogen (2023 CSR 4.2. and 2022 CSR 6.2). Moreover, Poland was recommended to implement measures to promote energy savings and gas demand reductions as well as scale up investment in energy efficiency for buildings and decarbonise the heat supply in district heating to address energy poverty (2023 CSR 4.3. and 2022 CSR 6.3). In addition, CSRs recommend to further promote sustainable public transport modes (2023 CSR 4.4. and 2022 CSR 6.4). Finally, Poland was recommended to step up policy efforts aimed at the provision and acquisition of skills and competences needed for the green transition (2023 CSR 4.5).

The REPowerEU chapter includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing significant subset of the energy challenges identified in the relevant 2022 and 2023 country-specific recommendations for Poland. Reducing overall reliance on fossil fuels by accelerating the deployment of renewables, including through further streamlining permit procedures and making grid access easier (CSR 4.1 2023, CSR 4.2 2023 and CSR 6.1 2022 and CSR 6.2 2022) is addressed by several reforms starting with identifying barriers hindering the development of local energy communities, followed by establishing a legal framework for the connection of multiple renewable energy sources to a single connection point (cable pooling) as well as making the reservation of capacity and the connection of renewable energy sources to electricity networks less burdensome and more efficient. Furthermore, a new regulatory model will be adopted that enables the national energy regulator to better assess the needs of the distribution grid and plan its development. The permitting process for renewables will be streamlined through the mapping of renewable energy potential, the acceleration of permitting procedures relevant to photovoltaic and onshore wind installations and the setting up of an IT platform with a single digital framework for permitting procedures. These reforms will be combined with the investments support to energy communities, construction of a large-scale battery energy storage system (BESS), modernise and digitalise the transmission and distribution networks in several regions and construction of offshore wind farms. The Energy Support Fund will mobilise private investment and improve access to finance in the sectors of the Polish economy directly bearing the costs of the energy transition, which is expected to contribute to expand public investment for the green transition (CSR 1.2, 2022 and CSR 1.3 2023).

In order to scale up investment in energy efficiency for buildings and decarbonise the heat supply in district heating to address energy poverty (CSR 6.3. 2022 and CSR 4.3. 2023) the REPowerEU chapter provides for the adoption of a new priority programme to support integrated home renovation services.

To promote more sustainable public transport (CSR 4.4 2023) and uptake of electric vehicles (CSR 6.4. 2022) the component includes measures for replacing polluting urban public transport vehicles with zero-emissions vehicles and through the adoption of an action plan for green transport in line with EU climate objectives.

Finally, the reform that reviews sectoral qualification frameworks in sectors key for the green transition is expected to boost the acquisition of green skills according to the unified standards (CSR 4.5 2023).

Taking into consideration the reforms and investments envisaged by Poland its modified RRP is expected to contribute to effectively addressing all or a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and the modified RRP represents a partially adequate response to the economic and social situation of Poland. This would warrant a rating of A under criterion 2.2 in Annex V to the RRF Regulation.

3.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

The modified RRP continues to address social and territorial challenges relevant for Poland and contributes to the implementation of the European Pillar of Social Rights. Likewise, the scope of the modified measures does not affect the positive assessment of the Commission that the Plan contribute to alleviate social and territorial disparities.

The REPowerEU chapter includes additional resources in the area of energy, through investments to extend and modernise transmission infrastructure as well as to develop distribution networks in rural areas, to accelerate the pace of the energy transition while bringing further regional economic development. This chapter also includes a reform and investment related to energy communities, in particular with the objective of improving the regulatory environment for such communities and the potential use of renewable energy sources by such communities at local level. The REPowerEU measures also include reforms aiming to accommodate the growing demand for green jobs and to accelerate home renovations with a view to boosting energy efficiency. In addition, Poland also commits to make transport more sustainable, notably by investing in zero-emission buses in cities.

In view of reforms and investments put forward as part of the amendment of the RRP, the initial positive assessment of the impact of the plan on growth potential, job creation, and territorial and social cohesion, remains unchanged.

Poland updated its estimate of the expected impact of the plan on the growth potential, job creation and investment. The short-term impact until 2025 estimated by Poland does not take into account measures of the REPowerEU chapter. In 2025, the level of GDP is projected to be 2.0% higher and the number of jobs created to increase by 0.3% compared to the baseline scenario without the implementation of the RRP. The long-term estimates include the effects of the plan as well as the REPowerEU chapter. In 2040, Poland's real GDP is set to be 2.6 % higher than in the baseline scenario.

Model simulations conducted by the Commission using the QUEST model show that the economic impact of the NGEU in Poland could lead to an increase of GDP of 2.3% by 2026 of which 0.7 percentage point GDP is generated by additional requested loans of EUR 23 bn. After 20 years, GDP could be 0.7% higher. This stylised scenario does not include the possible positive impact of structural reforms. Hence, the results of this stylised assessment cannot be directly compared to the numbers reported by Poland.

The nature and extent of the proposed modifications to Poland's RRP do not have a material impact on the previous assessment (rating of A) of the plan's impact on the growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.

3.4. The principle of 'do no significant harm'

The modifications of the measures included in the RRP do not affect their previous positive assessment regarding the principle of 'do no significant harm'.

Poland's REPowerEU chapter includes a systematic assessment of each measure against the principle of 'do no significant harm' (DNSH), for each of the six environmental objectives within the meaning of Article 17 of the Taxonomy Regulation. Poland's self-assessment often stresses the environmental and climate benefits of measures, it also provides information allowing to assess that measures will comply with the 'do no significant harm' principle – for instance by providing reassurance that the implementation of the existing EU and Polish legislative framework will prevent any significant harm, or by indicating that any measure that could have had a significant impact carved out from funding under the Recovery and Resilience Facility.

For financial instruments, where it is not known ex-ante which projects are to be financed, adherence with the 'do no significant harm' principle is ensured by introducing specific safeguards in the measure description and in the related milestones and targets, to monitor the implementation of the measures. This is of relevance for instance for the new financial instrument under component G on loans to enterprises to support the energy transition. The Plan includes one measure for which, in accordance with Article 21c(6) of Regulation (EU) 2021/241 the principle of "do no significant harm" does not apply, i.e., investment G3.2.1. "Construction of natural gas infrastructure to ensure energy security", which includes the construction and commissioning of 250 kilometres gas pipeline between Gdańsk and Gustorzyn. This measure contributes to the objective set out in Article 21c (3), point (a) of the RRF Regulation, notably by enabling diversification of supply in the interest of the Union as a whole.

The Commission considers that the principle of 'do no significant harm' does not apply to that measure, since it positively assessed that the conditions of Article 21c(6) of the RRF Regulation have been met:

The measure is necessary and proportionate to meet immediate security of supply needs, taking into account cleaner feasible alternatives and the risk of lock-in effects.

The new onshore pipeline should have a maximum capacity of up to 1 320 000 m3/h and should allow to diversify gas supplies to improve the security of supply of Poland and Central and Eastern Europe.

The demand for gas in the region (in particular Slovakia, the Czech Republic and Hungary) is 42.8 bcm/y, including 19.5 bcm/y for Poland. The region has traditionally been characterized by a high dependence on a single gas source of supply (i.e., Russia) and still has limited opportunities to diversify. As of its commissioning, the pipeline will increase transmission possibilities in Poland and towards the Polish-Slovak interconnector and, beyond, to the region. The pipeline will create additional transport routes and relieve congested existing infrastructure, allowing the transmission of additional capacities from diversified sources. It would improve the transmission of gas from the Świnoujscie LNG terminal (the enhancement planned for 2024 would bring additional up to 2.1 bcm/y of natural gas), the gas from the Klaipeda LNG terminal in Lithuania arriving to Poland through the Interconnector Lithuania-Poland, the gas imported from Germany, as well as the optimisation of the transportation routes from the existing Baltic Pipe (currently available capacity of 10 bcm/y). An additional 6.1 bcm/y of diversified gas would be brought by the future Floating and Storage Regasification Unit in Gdańsk in 2027.

Without the construction of the Gdansk-Gustorzyn pipeline, it would not be possible to maximize the utilisation of the above-mentioned capacities due to the bottlenecks in the Polish grid. Firstly, the existing North-South gas corridor in western Poland currently serves as the main route for dispatching non-Russian gas from Świnoujscie LNG terminal and the Baltic Pipe, but it faces significant capacity constraints (i.e. limited possibility to inject more gas). Secondly, the existing infrastructure between Gdańsk and Gustorzyn only allows to supply customers in this region and has a very limited capacity (Diametre Nominal 400 and Diametre Nominal 500). The planned Gdańsk-Gustorzyn pipeline would bring significant additional capacities that can transmit significant volumes of gas from the diversified sources mentioned above to Poland and its neighbours, namely Slovakia, Czechia, Hungary and Baltic States. The pipeline, together with other completed and ongoing projects (such as Gustorzyn-Wronów and Wronów-Strachocina) is part of the emerging North-South corridor in eastern Poland, an important alternative transportation corridor in Poland which aim is to decrease the region's dependence on a single natural gas supplier, open access to new supply sources for Central-Eastern and South-Eastern Europe, and increase integration of regional gas markets. Therefore, the investment is considered necessary to meet immediate security of supply needs.

The investment in the pipeline is limited, while it brings significant security of supply benefits to the region and ensures that additional capacities in the Polish grid are available to ensure full capacity on the Polish-Slovakia interconnector. The new pipeline is also adequately dimensioned (Diametre Nominal 1000) to ensure effective transmission of all available sources and necessary flexibility in transmission management. Therefore, the investment is considered proportionate to meet security of supply needs.

As regards cleaner alternatives, the production or import of green hydrogen cannot be considered a technologically and economically feasible alternative that could be deployed within a comparable timeline, by end 2026. The transmission part of the project will be technically capable of accommodating hydrogen blends and biomethane and synthetic methane from the start of the operations. Therefore, the risk of lock-in effect is considered mitigated since the measure can be considered future-proof.

In light of the above, the Commission considers that the measure is necessary and proportionate to meet immediate security of supply needs, taking into account cleaner feasible alternatives and the risk of lock-in effects, in line with Article 21c(6), point (a) of the RRF Regulation.

The Member State has undertaken satisfactory efforts to limit the potential harm to environmental objectives where feasible and to mitigate harm through other measures

The results of the relevant environmental impact assessments and the environmental decisions issued by the Regional Directorate of Environmental Protection in Gdańsk regarding the Gdańsk -Gustorzyn pipeline confirm that the project will be implemented within the applicable EU and national environmental legal framework. Mitigation measures have been imposed by the environmental decision in relation to biodiversity protection (including Natura 2000 sites) and protection of water bodies (in particular during construction phase). Additional measures relate to soil protection. The environmental decision for a large part of the project states that the investment is 'climate-proof' meaning resistant to risks (e.g., landslides) related to climate change and the decision puts an obligation on the investor that the investment must not contaminate water or soil in case of flooding. Given the nature of the measure, it is not feasible to take fully into account the climate mitigation and climate adaptation objectives.

Based on the analysis of the supporting documents provided by Poland, and taking into account that no other measure, including the other measures in the REPowerEU chapter, is expected to do a significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852, the Commission considers that satisfactory efforts have been undertaken to limit the potential harm to environmental objectives, where feasible, in line with Article 21c(6), point (b) of the RRF Regulation.

The measure does not jeopardise the achievement of the Union's 2030 climate targets and the objective of EU climate neutrality by 2050

The Gdańsk-Gustorzyn pipeline will contribute to replacing carbon-intensive fuels, in particular coal; support the increase in the use of renewable energy sources by providing a back-up to stabilise electricity and heat supply; contribute to reducing air pollution resulting from the combustion of high-carbon and low-quality fuels, especially during the winter period.

In addition, the modified RRP, including the REPowerEU chapter, contains reforms and investments to promote energy efficiency, renewable energy, and sustainable mobility, all of which are expected to contribute to the achievement of the Union climate target by 2030 and climate neutrality by 2050.

In light of the above, the Commission considers that the measure does not jeopardise the achievement of the Union's 2030 climate targets and the objective of EU climate neutrality by 2050, in line with Article 21c(6), point (c) of the RRF Regulation.

The measure is planned to be in operation by 31 December 2026

According to the supporting documents provided by Poland, the end of the construction works and the technical acceptance of the pipeline between Gdańsk and Gustorzyn should take place in June 2026 and the infrastructure is planned to be in operation by 31 December 2026, in line with Article 21c(6), point (d) of the RRF Regulation.

The total estimated cost of this measure is EUR 630 940 000 million.

Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investments projects included in Poland's modified RRP, including its REPowerEU chapter, is expected to do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of 'do no significant harm'). This would warrant a rating of A under criterion 2.4 of Annex V to the RRF Regulation.

3.5. Green transition

Climate target

The modified RRP of Poland correctly follows the methodology for climate tagging set out in Annex VI to the RRF regulation, by identifying intervention fields, and corresponding coefficients for the calculation of support to the climate objectives, for each measure (the table in Annex I presents the detailed application of the climate tagging methodology). It should be noted that:

a. the tagging and the estimated expenditure of existing measures was not modified, with the exception of measure B2.1.1 (investment in hydrogen, hydrogen manufacturing, storage and transport) due to the changes introduced in the measure, the subsequent assessment that a climate tagging per sub-investment was needed and the amendment in order to not tag the production of low-carbon hydrogen and of measure B3.4.1 (investing for the green transition of cities) due to the introduction of new activities covered by the fund and the scale-up of the fund.

b. For the new measures of the modified plan:

   - The choice of intervention fields for the green transition is well justified and it reflects the nature, focus, objective, or expected outcome of the investments included in the component.

   - The modified plan does not propose to increase the climate coefficients of the selected intervention fields for any measure but proposes to split the climate coefficients further for B2.1.1 (investment in hydrogen, hydrogen manufacturing, storage and transport) and to apply new intervention fields to the scale-up part of B3.4.1 (investing for the green transition of cities). The modified Polish plan includes measures supporting climate objectives for an amount representing 46.6% of the total plan's allocation in the form of loan and non-repayable financial contribution, including the allocations of the REPowerEU chapter.

Measures supporting climate change objectives represent 66% of the total estimated costs of measures in the REPowerEU chapter, according to the methodology for climate tracking set out in Annex VI to the RRF Regulation. All measures in the REPowerEU chapter have received a climate tag of 100%, except for the measure to build natural gas infrastructure (G3.2.1) which is subject to a DNSH derogation and therefore has a 0% climate tag, the energy fund (G3.1.4) which is only partially tagged due to the broad scope of the activities covered and complex investment lines and investment G1.2.1 to support institutions implementing REPowerEU reforms which is not tagged. Therefore, the climate change contribution of the total plan, as well as of the REPowerEU, exceeds the minimum climate target of 37%.

The climate change contribution for each of the components of the plan is set out in Table 3 below. The largest contributions come from REPowerEU (27.7% of the overall climate contribution) and component B 'Green energy and energy-intensity reduction' (10.2% of the overall climate contribution).

Table 3. Climate contribution by component

	Budget (EUR m)	**Climate contribution (EUR m)**	**Climate contribution as percentage of the total budget of the plan**
C1. A - Resilience and competitiveness of the economy	4 395	80.7	0.1%
C2. B - Green energy and reduction of energy intensity	15 370	6 093	10.2%
C3. C - Digital transformation	3 940	74	0.12%
C4. D - Effectiveness, availability and quality of the health care system	4381	0	0.0%
C5. E- Green and smart mobility	6 456	5059	8.5%
C6. F- Improving the quality of institutions and the conditions for the implementation of the RRP	0	0	0.0%
C7. G – REPowerEU	25 276	16 551	27.7%
Total	59 818	27 858	46.6%

Additionally, with the REPowerEU chapter, Poland responds to the REPowerEU objectives and increases its ambitions regarding the green transition, overall compensating for the withdrawn or reduced measures (in comparison to the original RRP). The modified RRP continues to significantly contribute to the achievement of the Union 2030 climate targets on the way to EU climate neutrality by 2050.

The REPowerEU chapter is deemed ambitious as regards the green transition, since all the reforms and most investments contribute to stimulating the development of renewable energy sources, thereby reducing the reliance on fossil fuels, to increasing energy efficiency, and generally to improving the regulatory framework enabling the fight against climate change. Notable green investments included in the REPowerEU chapter concern the development of transmission and distribution networks and financial support to green projects through an Energy Support Fund and, as regards specifically offshore wind farms, an Offshore Wind Energy Fund.

Taking into consideration the assessment of all the measures envisaged, the modified RRP, including its REPowerEU chapter, is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its total allocation contribute to the climate target. At least 37% of the total estimated costs of the REPowerEU chapter contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V to the RRF Regulation.

3.6. Digital transition

The modification of the RRP did not impact its ambition towards the digital transition as well as the initial assessment. The modified RRP continues to significantly contribute to the digital transition with interventions in e-services in the public administration, digitalisation of education, development of digital skills and cybersecurity. Thus, the implementation of the envisaged measures as set out in the modified RRP is expected to continue to significantly contribute to addressing the challenges resulting from the digital transition and have a lasting impact.

The measures withdrawn or reduced do not impact the overall ambition of the plan regarding the digital transition. The modifications are justified by cost increases for certain measures (e.g. the development of e-competences), while several measures are revised to cater for identified better alternatives (e.g. equipping schools/institutions with adequate ICT devices and infrastructure to improve the overall performance of education system or increasing the level of accessibility and use of modern wired and wireless communication for social and economic needs) or due to technical difficulties (e.g. public e-services, IT solutions improving the functioning of administrations and economic sectors). A new investment to support the use of cloud technologies by enterprises is also included in the modified RRP.

Hence, the contribution to the digital transition of the modified RRP (excluding the REPowerEU chapter) stands at 21.3% (EUR 7 379 000 000), which is above the required target of 20% established by the RRF Regulation. Several of the measures included in the REPowerEU chapter were identified as contributing to the digital transition, including but not limited to the development of transmission networks, smart electricity infrastructure (G1.2.3.) and the streamlining of permitting for RES (G3.1.1.).

The nature and extent of the proposed modifications to Poland's RRP do not have a material impact on the previous assessment (rating of A) of the contribution of the plan to the digital transition and to the digital target.

Table 4: Digital contribution of the components of the Polish RRP

Component	Cost (EUR million)	Digital contribution (EUR million)	Digital contribution (% of total cost)
A - Resilience and competitiveness of the economy	4 395	877	2.5%
B - Green energy and energy intensity reduction	15 370	1 300	3.8%
C - Digital transformation	3 940	3 861	11.1%
D - Efficiency, accessibility and quality of the health system	438 1	1 000	2.9%
E - Green, smart mobility	6 456	341	1%
F - Improving the quality of institutions and the conditions for the implementation of the RRP	0	-	-
Total	59 818	7 379	21.3%

3.7. Lasting impact of the plan

With the modified RRP, the implementation of the envisaged reforms and investments is expected to stay on its course and deliver lasting structural changes. The modified RRP plan does not reduce the ambition of the initial plan as a whole. It takes into account the prolonged impact of the COVID-19 crisis, higher inflation and supply chain disruptions, as well as some unexpected legal or technical difficulties or the availability of better alternatives for the implementation of some measures by modifying measures in accordance with Article 21(2) of the RRF Regulation.

It also includes new and scaled-up measures as a result of the significant increase in the up-take of loans and includes a new REPowerEU chapter. The REPowerEU chapter contains new reforms as well as new and scaled-up investments expected to increase the deployment of renewable energy sources, including via an expanded and modernised electricity grid, to facilitate the development of technologies for the energy transition, and to diversify energy supplies. These additional measures, together with the existing measures, are expected to have lasting positive effects on the Polish economy and further boost its green and digital transition.

The nature and extent of the proposed modifications to Poland's RRP do not have a material impact on the previous assessment (rating of A) of the lasting impact of the measures proposed by Poland.

3.8. Milestones, targets, monitoring and implementation

The milestones and targets of the modified Polish RRP enable an adequate monitoring of the plan’s implementation. Each of the new reforms and investments introduced under the new REPowerEU chapter includes at least one target and/or milestone that contains the key elements of the measure and allows for the assessment of the achievement of its objectives. The REPowerEU chapter includes a set of 31 new milestones and 20 targets (reforms will be monitored by 14 milestones and 2 target, investments by 17 milestones and 18 targets). Milestones set for reforms are based on the achievement of decisive steps in the implementation process, such as the adoption of revised actions plans and strategies, the entry into force of legal acts, the entry into operation of digital applications or the publication of evaluation studies. These milestones are clear and realistic as they reflect decisive steps towards the complete implementation of each reform.

The performance of the investments included in the new and revised components, as well as REPowerEU chapter, will be assessed on the basis of the achievement of multiple milestones and targets monitored by each public entity in charge of implementing the measures and capturing the key implementation stages of each investment. The targets chosen – some of which build on existing targets, for scaled up measures - are consistent with the objectives, cost estimates and implementation schedule of each measure and quantified by specific indicators reflecting the result of the works undertaken.

The adjustments made to the plan’s original milestones and targets under Article 21 of the RRF Regulation do not affect the plan’s overall level of ambition and are expected to contribute to its timely delivery by addressing current implementation challenges.

The overall organisational arrangements remain unchanged, with the Ministry of Funds and Regional Policy being responsible for the coordination of implementation of the RRP in Poland. The main bodies responsible for implementation of REPowerEU chapter are the Ministry of Climate, the Ministry of Infrastructure, and the Polish national promotional bank (BGK), tasked with implementation of EUR 32 182 400 000 in the form of financial instruments.

The nature and extent of the proposed modifications to Poland’s RRP do not have a material impact on the previous assessment (rating of A) of the adequacy of the arrangements proposed by Poland to ensure the effective monitoring and implementation of the plan.

3.9. Costing

Poland has provided individual cost estimates for all investments and reforms included in the RRP for which funding through the facility is requested. Overall, for the new or modified measures, Poland has submitted clear and sufficient evidence and explanations for the cost estimates to be considered reasonable and plausible and information regarding the additionality with other Union funds has also been provided. The costs can be considered commensurate and in line with the principle of cost efficiency.

Reasonable costs

Based on the assessment of individual cost estimates and related supporting documents, the cost estimates for most of the measures in the plan are deemed reasonable. Measures representing a significant majority of the plan are rated as “reasonable” to a “medium” extent. For the majority of the new of measures included in the plan, Poland provided clear and sufficient information and evidence on costs, based on the template tables, backed up by descriptions of the methodology used, the cost calculations as well as the budgetary implications of the measure.

For the modified measures where the revision had an implication regarding costs, Poland provided sufficient information and evidence of the impact of the changes on the costs allocated, including adjustments of the unit costs due to the effect of the high inflation or based on more recent costs resulting from completed tenders or responses from market actors as well as on the proportionality of the relevant amendments under Article 21(1) of the RRF Regulation.

The reforms and investments included in the plan comply with the eligibility criteria set out in the Regulation. Based on the information provided by the authorities, costs supported under the RRF are incurred only for reforms and investments implemented after 1 February 2020 or 1 February 2022 for REPowerEU chapter measures, exclude value-added tax (VAT), and do not substitute recurring national budgetary expenditure. Costs that could have a recurring nature are included in the plan only to a limited extent and for duly justified exceptions, in accordance with Article 5(1) of the Regulation. There is no evidence or indication that the costs incurred may be incompatible with the eligibility criteria of the RRF. The provided materials generally allow for identifying the methodology used in costing calculations, even if for a small number of measures this information is missing or not as clear.

Plausible costs

Based on the assessment of individual cost estimates and related supporting documents, most of the measures in the Polish plan are deemed plausible at least to a medium extent. Measures representing a significant majority of the plan are rated as “plausible” to a “medium” extent.

The amount of the estimated costs of new measures, including those in the REPowerEU chapter, is in line with the nature and type of the envisaged reforms and investments. Poland provided supporting documents and evidence to substantiate the cost estimates for most of the new measures, including those in the REPowerEU chapter. For the updated measures where the revision had an implication regarding costs, the update is plausible when considering the high inflation in the sector, or considering the results of tenders conducted for similar projects or the project itself in case where the tendering has already started.

In some cases, adjustments to comparative costs have been made, ensuring the comparability of the projects financed under the RRF with past projects. Nevertheless, the exact comparability of these projects cannot be established in all instances, in particular, for the case of demand-driven schemes.

No double funding

Poland has indicated that the costs for most individual new and REPowerEU measures will not be funded at the same time by other Union funding sources. The commitment to put in place safeguards which are meant to prevent double funding remains and has not been altered by the plan's modification.

For the very limited number of measure where other EU financing is envisaged, the name of the programme and information on the amounts covered has been provided. In many cases, the exact same measure is not covered by other EU funds, but other EU funds provide financing for similar measures or areas of intervention. In these cases, the authorities have provided explanation about the complementarity of the projects and information on the delineation was provided, based on differences in the timing of the funding or the nature of the intervention. For example, RRF financing covers nonrecurrent capital expenditure while other EU funding cover non-capital costs like maintenance.

Commensurate and cost-efficient costs

The justification provided by Poland on the amount of the estimated total costs of the modified RRP is to a high/medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact. Poland provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the modified RRP to be financed under the Facility is not covered by existing or planned Union financing. This would warrant a rating of B under criterion 2.9 of Annex V to the RRF Regulation.

The nature and extent of the proposed modifications to Poland's RRP do not have a material impact on the previous assessment (rating of B) of the reasonability and plausibility of the costs, their additionality, and that they are in line with the principle of cost efficiency and commensurate to the expected social and economic impact of the modified plan.

3.10. Controls and audit

The original assessment of the robustness and adequacy of the control system and other arrangements included in the RRP had concluded that these arrangements are adequate, taking also into account the milestones pertaining to the organisation of the judiciary system and ensuring an effective audit and control. This included a dedicated milestone to ensure that the conditions for the systematic and extended use of the functionalities of the Arachne risk-scoring tool in the implementation of the Polish plan is set out, as well as two dedicated reforms to ensure, on the one hand, that the independence and impartiality of courts are strengthened and, on the other hand, that the situation of judges affected by decisions of the Disciplinary Chamber of the Supreme Court in disciplinary cases and judicial immunity cases is remedied This warranted a rating of A under the assessment criterion 2.10 of Annex V to the RRF Regulation.

The Polish authorities have confirmed that the internal control system, as well as arrangements for the prevention, detection and correction of fraud, corruption, conflict of interest and double funding as previously assessed remain in place.

The modifications to the original plan and the introduction of the REPowerEU chapter as such do not affect the original assessment. However, in the context of the modification of the Polish RRP, its audit and control system need to be reassessed on the basis of criteria 2.10 of Annex V to the RRF Regulation. Since the original assessment, the Commission has had access to information on its actual implementation. This includes the findings of the system audit on the protection of the financial interests of the Union performed by the Commission in Poland. In light of this information, the Commission considers that the internal control system of the RRP is overall adequate.

Robustness of internal control system and distribution of roles and responsibilities

The previous assessed arrangements as regards the roles and responsibilities of the actors for control and audit, segregation of functions and independence of actors performing audits remain adequate.

Adequacy of control systems and other relevant arrangements

The control system and other arrangements to prevent, detect and correct fraud, corruption and conflicts of interest when using funds provided by RRF continue to appear overall adequate.

Adequacy of arrangements to avoid double EU funding

The previous assessed arrangements as regards the prevention, detection and correction of double funding remain in place as initially assessed by the Commission.

Legal empowerment and administrative capacity of control function

Legal mandate of all the institutions involved in implementation, monitoring, audit and control has been approved through the adoption of Government's Resolution no. 56 of 17/05/2021. In line with this Resolution, the Ministry of Funds and Regional Policy as coordinating body, exercises all the tasks related to monitoring, verification, control and recovery, drawing up and signing payment declarations management declaration. The implementation of the RRP is ensured by line ministries and their subordinated structures, through conclusion of financing agreements with the coordinating body. Data on the achievement of milestones and targets shall be recorded in the centralised national IT system (CST10121), which shall ensure that the implementing bodies submit the required information to the IT system. Audits are entrusted to the National Revenue Administration within the Ministry of Finance. This body will audit the implementation of the RRP. Its independence from the coordination body and institutions responsible for the implementation of the reforms and investments is confirmed.

The nature and extent of the proposed modifications to Poland's recovery and resilience plan do not have a material impact on the previous assessment (rating of A) of the adequacy of the control and audit arrangements proposed by Poland, as reflected in the previous SWD(2022)161 final approved on 01/06/2022.

3.11. Coherence

The modified RRP presented by Poland is structured in 7 coherent components that support the objective of stimulating the Polish economy and mitigating the socio-economic impact of the COVID-19 pandemic, which has been further aggravated by high inflation, energy crisis and Russia's war of aggression against Ukraine. On the top of the original 6 components, Poland proposes an additional component: the REPowerEU chapter that includes sixteen measures.

This new component shows synergies with the rest of the plan, in particular those related to the green transition.

Mutually reinforcing measures

The modifications to the RRP do not negatively alter the components' coherence, nor the coherence of the plan as a whole. There is a good interplay between reforms and investments in each component, despite some investments being removed from the Plan, e.g. in the area of creative industries or support to investment sites, or some reforms being revised since better alternative was found (e.g. in the labour market). They do not alter the way they are mutually-reinforcing. The additional REPowerEU chapter is fully in line with the measures deployed under the initial RRP to support the green transition and further increases their ambition.

The REPowerEU chapter is built around a consistent package of both reforms and investments that are mutually reinforcing and aim to support the modernisation of the electricity grids (both distribution and transmission), the generation of renewable energy, the promotion of energy efficiency renovations, and supporting institutions implementing REPowerEU reforms and investments. The reforms in this chapter are expected to reinforce the investments in the REPowerEU chapter, while being in line with measures set out in the original RRP.

Complementarity of measures

The modifications made to the existing 6 components of the RRP do not negatively alter the complementarity of these components. The new and updated components complement each other and the original ambition of the plan. Firstly, the new measure on the cloud computing expands the efforts of the RRP to digitalise entrepreneurs. Moreover, the REPowerEU reforms and investments complement the efforts of the RRP on green transition, especially in RES deployment, investments in electricity networks, and support to energy efficiency.

The plan does not present inconsistencies or contradictions between the different components. In order to promote wider coherence across instruments, notably with the European cohesion policy funds, a balanced territorial allocation of resources is encouraged. Poland is expected to promote coherence and complementarity between RRP and cohesion policy investments by i.a. ensuring that clear demarcation lines are applied for similar types of investments.

The nature and extent of the proposed modifications to Poland's RRP do not have a material impact on the previous assessment (rating of A) of the coherence of the actions proposed by Poland.

3.12. REPowerEU

Poland's REPowerEU chapter aims to contribute to a series of the objectives listed in Article 21c(3) of the RRF Regulation. As described in Poland's modified RRP, the main objective of the chapter is to increase the resilience of the Polish energy system and to accelerate the green transition of key economic sectors.

More specifically, a combination of reforms and investments in Poland's REPowerEU chapter contributes to the objectives described in Article 21c(3)(b) of the RRF Regulation, notably by aiming to increase the share and accelerate the deployment of renewable energy with the following measures:

- Firstly, the reform and investment related to energy communities aim to facilitate the deployment of renewable energy sources by such communities, by establishing an enabling, simple and comprehensive framework for and by providing (pre-)investment support to energy communities.

- Secondly, the REPowerEU chapter includes reforms aiming to streamline the permitting for renewable energy sources and to accelerate home renovations, thereby accelerating the deployment of renewable energy and boosting energy efficiency in buildings.

- Thirdly, significant investments in an Energy Support Fund, which will provide financing for a wide range of investments, and in an Offshore Wind Fund, which will incentivise private investment and improve access to finance in Poland's offshore wind energy sector.

All of these measures are expected to have a long-lasting impact on reducing fossil fuel consumption and greenhouse gas emissions, and on increasing the uptake of renewable energy. Some of these measures, notably the reform related to home renovations and the investment in support to institutions implementing REPowerEU reforms and investments, also aim to address energy poverty, identified in Article 21c(3)(c) of the RRF Regulation.

Further, other reforms and investments shall contribute to the objectives identified in Article 21c(3)(e) of the RRF Regulation, notably to address internal and cross-border energy transmission and distribution bottlenecks, to support electricity storage, to accelerate the integration of renewable energy sources, and to support zero-emission transport and its infrastructure. Specifically:

- two reforms aim, firstly, to improve the Energy Regulatory Office's ability to support the deployment of renewable energy, by enabling it to better assess the needs of the distribution grid and plan its development, and, secondly, to remove barriers related to the integration of renewable energy into the grid by facilitating the connection process and enable the connection of multiple renewable energy sources to a single connection point;

- in parallel, the chapter includes an investment in the support to the national energy system through the creation of an Energy Support Fund, as well as investments into the transmission and the distribution networks, in order to expand or modernise and digitalise these networks;

- the chapter further includes an investment in energy storage, thereby contributing to balancing the grid; and

- the objective of zero-emission transport, covered by the same objective, is supported to by a reform related to Poland's national transport strategy and an investment in zero-emission buses.

The REPowerEU chapter also aims to support the abovementioned measures and to contribute more specifically to the objective of requalifying the workforce towards green skills, laid out in Article 21c(3)(f) of the RRF Regulation, by including an investment in the support to institutions implementing REPowerEU reforms and investments through improved mapping of the requalification needs of the workforce towards green skills.

Beyond contributing to the energy transition, the REPowerEU chapter also aims to contribute to the objective, described in Article 21c(3)(a), of improving energy infrastructure and facilities to meet immediate security of supply needs for gas, including liquified natural gas, notably to enable diversification of supply in the interest of the Union as a whole. Indeed, the chapter includes an investment in the construction of a 250 km extension of the gas transmission network between Gdańsk and Gustorzyn.

Lastly, the investment consisting in support to institutions, be they public institutions or NGOs, involved in the coordination and implementation of REPowerEU reforms and investments, is expected to contribute in a cross-cutting way to the abovementioned measures and to the objectives listed in Article 21c(3), points (b), (c), (e) and (f) of the RRF Regulation.

Moreover, the measures in the REPowerEU chapter are part of Poland’s wider efforts to cut emissions in view of the EU’s 2030 climate reduction target of 55%. These measures are aligned with Poland’s National Energy and Climate Plan (NECP), as submitted in 2019, which aims to achieve 21-23% of RES share in gross final energy consumption by 2030.

Finally, the preparation of the REPowerEU chapter involved consultations with stakeholders. In particular, a public consultation process was carried out in the spring of 2023 in accordance with the Polish national legal framework, involving local and regional authorities, social partners, civil society organisations and other relevant stakeholders. This process included a direct consultation of stakeholders, notably via the organisation of a conference on 24 April 2023 on the modified RRP and the REPowerEU chapter, with a panel entirely dedicated to this chapter and the proposals related to the energy transition. The conference was also streamed online, with a view to allowing the widest possible audience to familiarise itself with the proposed changes in the RRP and the draft REPowerEU chapter. These changes and this draft chapter were also presented to the Social Dialogue Council, the Public Benefit Council, and the Joint Commission of Government and Local Government.

The indirect consultation was carried out using an online form published on the website of the Polish RRP. Through this online form, 49 entities expressed their views on the proposed changes to the RRP and the draft REPowerEU chapter, representing local and regional authorities (voivodship, district, municipalities, cities), entrepreneurs and employers, and NGOs and social and economic partners. More specifically, the draft REPowerEU chapter received 68 comments from local authorities and administrations, companies (including State-owned companies), energy trade organisations, associations, foundations, as well as think tanks active in the field of energy transition and environmental protection.

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the chapter is expected, to a large extent, to contribute effectively to energy security, the diversification of the Union’s energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030. This would warrant a rating of A under criterion 2.12 of Annex V to the RRF Regulation.

3.13. Cross-border or multi-country dimension or effect

The majority of the measures included in Poland's REPowerEU chapter have a multi-country or cross-border dimension.

In particular, in the first place, several measures are expected to contribute to securing energy supply in the Union as a whole, notably the reforms aiming to facilitate the deployment of renewable energy sources, such as the reforms related to permitting for and the connection of such energy sources to the electricity grid. Investments related to renewable energy projects (including but not limited to offshore wind) and the deployment of energy storage facilities as well as investments in the expansion and modernisation of the Polish transmission and distribution networks, should likewise contribute to securing energy supply in the Union.

In the second place, several reforms and investments contribute to increasing the pace of renovation of buildings and improving energy efficiency, thereby reducing dependency on fossil fuels and reducing energy demand.

The investment related to between Gdańsk and Gustorzyn has a particularly strong cross-border dimension, considering that the pipeline's capacity will be able to be used for regional purposes.

The total costs of these measures account for a total of EUR 23 473 million representing more than 30% of the estimated costs of the REPowerEU chapter.

Table 5: Cross-border or multi-country dimension or effect

REPowerEU measure with cross-border or multi-country dimension or effect	Costs (EUR m)	Contribution to the target in % of the REPowerEU chapter estimated costs
Development of transmission networks, smart electricity infrastructure	600	2%
RES installations, implemented by energy communities	189	1%
Energy storage system	200	1%
Construction or modernisation of electricity distribution networks in rural areas to enable the connection of new RES	972	4%
Energy Support Fund	17 069	68%
Offshore Wind Energy Fund	4 785	19%
Construction of natural gas infrastructure enabling further diversification of supply and ensuring energy security in the national and regional context	631	2.50%
Total	23 473	92.9%

Taking into consideration the assessment of all the measures envisaged in the REPowerEU chapter, the measures in the chapter are expected, to a large extent, to have a cross-border or multi-country dimension or effect. This would warrant a rating of A under criterion 2.13 of Annex V to the RRF Regulation.

ANNEX I: CLIMATE TRACKING AND DIGITAL TAGGING

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
PL-C[A]-I[1.2.1]	Investments for enterprises in products, services and competences of employees and staff related to the diversification of activities	320			016	40%
PL-C[A]-I[1.4.1.2]	Agriculture 4.0	110			055	100%
PL-C[A]-I[2.1.1]	Investments supporting robotisation and digitalisation in enterprises	450			010bis	100%
PL-C[A]-I[2.2.1]	Investments in the deployment of environmental technologies and innovation, including those related to circular economy	162	023	40%		
PL-C[A]-I[2.3.1]	Development and equipment of competence centres (specialist training centres, implementation support centres, Observatories) and unmanned vehicle industry management infrastructure, as an ecosystem of innovation	40.00	084bis	40%	084bis	100%
PL-C[A]-I[2.6.1]	Investment – Development of the national system of monitoring services, products, analytical tools, services and accompanying infrastructure using satellite data	150.00		0%	055	100%
PL-C[B]-I[1.1.1]	Investment in heat sources in district heating systems	300	034	40%		0%
PL-C[B]-I[1.1.2.2]	Building renovations and heat source Replacements with non-gas boilers	1 920	025bis	100%		0%
PL-C[B]-I[1.1.3]	Thermal modernisation of schools	290	025	40%		0%
PL-C[B]-I[1.1.4]	Strengthening the energy efficiency of local social activity facilities	67	025	40%		0%
PL-C[B]-I[1.2.1]	Energy efficiency and RES in companies – investments with the highest greenhouse gas reduction potential	300.00	024bis	40%		0%
PL-C[B]-I[2.1.1.1]	Investments in hydrogen technologies, production, storage and transport of hydrogen - refueling stations	50.00	077	100%		
PL-C[B]-I[2.1.1.2]	Investments in hydrogen technologies, production, storage and transport of hydrogen - R&I	110.00	022	100%		
PL-C[B]-I[2.2.3]	Construction of offshore terminal infrastructure	366	031	100%		0%
PL-C[B]-I[3.4.1.1]	Investments for increasing the use of RES as a source of energy in the city	2 415	026	40%		0%
PL-C[B]-I[3.4.1.2]	Investments in increasing biologically active surfaces in urban and functional areas and reducing soil sealing	682	040	40%		0%
PL-C[B]-I[3.4.1.3]	Investments in the development of zero-emission transport infrastructure	212	048	40%		0%
PL-C[B]-I[3.4.1.4]	Investments in nature-based urban investments (NBS)	170	050	40%		0%
PL-C[B]-I[3.4.1.5]	Building renovation leading to greater energy efficiency	4 100	025	40%		
PL-C[B]-I[3.4.1.6]	Optimisation of transport work in urban public transport eliminating fossil energy consumption, including ICT solutions	700			76	100%
PL-C[B]-I[3.4.1.7]	Education and Training Centres for the green transition of cities using advanced technologies,	600			011	100%
PL-C[B]-I[3.5.1]	Investment in energy-efficient housing for low- and average-income households	582	025ter	40%		0%
PL-C[C]-I[1.1.1]	Ensuring access to very high-speed internet in white spots	1 431		0%	051	100%
PL-C[C]-I[2.1.1]	Public e-services, IT solutions improving the functioning of administrations and economic sectors, and breakthrough technologies in the public sector, the economy and society	100		0%	011	100%

Measure/ Sub-Measure ID	Measure/Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. Field	Coeff. %	Int. Field	Coeff. %
PL-C[C]-I[2.1.2]	Level playing field for schools with mobile multimedia devices – investments related to the fulfilment of minimum equipment standards	550		0%	012	100%
PL-C[C]-I[2.1.3]	E-competences	184		0%	108	100%
PL-C[C]-I[2.2.1.1]	LAN Connection, STEM laboratories – digital part, AI laboratories, examination commissions	415		0%	012	100%
PL-C[C]-I[3.1.1.1]	Cyber security – CyberPL	193		0%	021quinquies	100%
PL-C[C]-I[3.1.1.2]	Infrastructure for data processing and delivery of digital services	185	011bis	40%	011bis	100%
PL-C[C]-I[3.1.1.3]	Optimisation of the infrastructure of law enforcement services	54		0%	011	100%
PL-C[C]-I[3.1.1.4]	IPCEIs on Next Generation Cloud	100		0%	021quarter	100%
PL-C[C]-I[4.1.1]	Supporting the digital transformation of businesses through the use of cloud computing	650		0%	012	100%
PL-C[D]-I[1.1.2]	Accelerating the digital transformation of health by further developing digital health services	1000		0%	095	100%
PL-C[E]-I[1.1.1]	Support for a low-carbon economy	1 114	022	100%		0%
PL-C[E]-I[1.1.2.2]	Zero-emission public transport (electric busses)	139	074	100%		0%
PL-C[E]-I[1.2.1]	Zero-emission public transport in cities (TraMS)	200	074	100%		0%
PL-C[E]-I[2.1.1.1]	Modernisation and revitalisation of railroads	1 243	065	100%		0%
PL-C[E]-I[2.1.1.2]	Improving safety of railway-road crossings	237	064	100%		0%
PL-C[E]-I[2.1.1.3]	Increasing the capacity of the railway network	251	066	40%		0%
PL-C[E]-I[2.1.1.4]	Preparatory works for high speed railway line	660	066bis	100%		0%
PL-C[E]-I[2.1.2]	Railways passenger rolling stock	1 160	072bis	100%		0%
PL-C[E]-I[2.1.3]	Intermodal projects	175	079	40%		0%
PL-C[E]-I[2.2.2]	Digitalisation of transport	341	070	40%	070	100%
PL -C[G]-I[G1.1.2.1]	Renewable energy sources' installations implemented by energy communities – investment part	118	027	100%		
PL -C[G]-I[G1.1.3]	Energy storage systems	200	033	100%		
PL -C[G]-I[G1.2.3]	Development of transmission networks, smart electricity infrastructure	600	033	100%		
PL -C[G]-I[G1.2.4]	construction or modernisation of electricity distribution networks in rural areas to connect new RES sources	972	033	100%		
PL -C[G]-I[G1.3.2]	Zero and low-carbon collective transport (buses), sub-investment in zero-emission transport	754	074	100%		
PL -C[G]-I[G3.1.4.1]	Energy Support Fund - Distribution and transmission networks	6 879	033	100%		
PL -C[G]-I[G3.1.4.3]	Energy Support Fund - energy storage		033	100%		
PL -C[G]-I[G3.1.5]	Construction of offshore wind farms (Offshore Wind Energy Fund)	2 213	028	100%		
PL – C[G] – I [G3.3.1]	Energy storage systems (repayable support)	35	033	100%		