

# Scope of public service obligations of energy suppliers

Polish case study

## **What is public service obligation?**

Public service obligations are a kind of legally justified interference with the freedom to conduct business.

## **Why to establish public service obligations?**

Public law obligations of energy companies serve to ensure energy security (deliveries at a reasonable price).

## **In what areas are public service obligations necessary?**

Energy distribution – yes, this is an area of natural monopoly and a lot of public service obligations are implemented in every country.

Energy supply - really? competition between suppliers is possible, but...

## **Why public service obligations in energy supply subsector?**

Public service obligations should be established if the legislator recognizes that energy is a primary (civilization) good and every citizen should be able to get energy even if it is unprofitable.

## Public service obligation of energy suppliers in Poland

### 1. Default energy supply

Default supplier automatically assigned to those household energy consumers who did not make any decision about the choice of the supplier, or did not exercise the right to choose the supplier after moving into the property. Supply of last resort (last resort supplier).

### 2. Last resort supply

Supplier of last resort ensure the continuity of electricity deliveries (supply) when the current supplier ceases to supply electricity. He guarantees continuity of electricity supply to consumers, e.g. in the event of contract expiration or bankruptcy of the supplier.

### 3. Supply of renewable energy

Supplier obligated by the RES Directive is required to purchase energy produced by certain renewable energy installations (capacity of less than 500 kW and micro-installations) and is responsible for settling the amount of energy fed into the power grid by prosumers.

## Default energy supply

Who has the role?

Energy suppliers (6) legally undundled during the liberalization period and suppliers (~180) remaining in a vertically integrated structure with DSOs (with no legal unbundling obligation)

Main rules:

- appointed directly by law
- acts for households only
- complex agreement only (supply „to door”)
- price for default supply remains and will remain regulated
- possibility of combining default supply and unregulated supply in one entity

How popular is it?

More than 60% of household consumers are clients of default suppliers.

## Supply of last resort (SoLR)

Who has the role?

Energy supply license holders chosen by household or institutional client (competition)  
or  
default supplier (for households only) if the supplier is not selected.

New regulation called „SoLR to SoLR” (biggest energy supplier in Polish energy system acting as SoLR in case another SoLR has no possibility to act).

Main rules:

- appointed directly by law
- acts for households and institutional client, but special treatment for households only
- additional information obligation towards customers
- price unregulated in first model (but limited for households to the product of the factor of 2.5 and the average sale price on the competitive market) and regulated price of default supplier in the second model

How popular is it?

In 2024, the launch of reserve sales concerned around 73,000 of energy delivery points (less than 0,5% of total number), of which approx. 30% were household's.

## Supplier obligated by the RES Directive

Who has the role?

Supplier with the highest sales volume, operating in the area managed by a given DSO/TSO.

Main rules:

- obligated supplier is to be appointed by NRA's decision, on the basis of the given DSO information - the list of obligated suppliers is published annually
- once the role has been assigned to a given supplier, the network operator concludes a service contract that will enable it to perform its obligations
- acts for prosumers and microinstalation owners
- the obligated supplier uses a complex settlement system, including FIT feed-in tariffs
- if the producer won the RES auction, the President of ERO informs the obligated supplier about how much energy is to be repurchased and what the purchase price was

How popular is it?

It is standard for prosumers and microinstalation owners.

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