

Dear Sir or Madam,

Following your call for contributions related to the Competition Policy supporting the Green Deal, please find below views and suggestions by PKP (Polish State Railways).

Part 1: State aid control

1. What are the main changes you would like to see in the current State aid rulebook to make sure it fully supports the Green Deal? Where possible, please provide examples where you consider that current State aid rules do not sufficiently support the greening of the economy and/or where current State aid rules enable support that runs counter to environmental objectives.

Change proposal in the regulations related to climate change mitigation (to avoid greenhouse emissions after modal shift),

- reduction of energy and fuel taxation for rail transport;
- development of standardized and legally approved European tools in the form of carbon dioxide calculators, standardized on a European scale and approved for use by legal acts, allowing comparison of emissions of various types of transport;
- legal regulations specifying eco-labeling in transport - an incentive to choose a low-emission mobility,
- legislative support for transporting loads of a certain weight over a given distance by rail transport and / or financial support for rail freight transport in order to reduce charges;
- Exemption from permits, decisions, registration, etc. related to legal transport of waste within the EU for an operator that already has a national permit, to increase railway transport's market share in cross-border transport of waste;
- Increase subsidies for entrepreneurs for Renewable Energy Sources (RES) installations;
- Change legal provisions concerning legal regulations on production of RES electricity. Removal of restrictions in RES energy billing (obligatory agreements with the Seller who cooperates with the Distribution System operator (DSO) which decreases competitiveness of the energy market and creates a natural monopoly of the Seller).

In order to enable energy trading between entities (not just supplier sales) there is a need to create better and more efficient energy storage options like accumulators of energy or energy warehouses.

National issues that prevent effective support of green solutions for the economy:

- Lack of co-financing programs for the construction of professional traction rolling stock paint shops - the co-financing would prevent air pollution;
- lack of co-financing for replacing old solid fuels boilers (co-financing is available only for natural persons, not for companies) which would prevent air pollution,

- lack of co-financing for investments related to the reconstruction of old water and sewage installations - (applies to the objectives related to water resources protection),
- lack of co-financing for removal or prevention of the spread of historical land pollution (concerns objectives related to pollution control),
- lack of co-financing for renovation of existing or construction of new waste storage places (concerns objectives related to pollution control),
- lack of co-financing for companies for asbestos removal (related to pollution control objectives).

2. If you consider that lower levels of State aid, or fewer State aid measures, should be approved for activities with a negative environmental impact, what are your ideas for how that should be done?

- a. For projects that have a negative environmental impact, what ways are there for Member States or the beneficiary to mitigate the negative effects? (For instance: if a broadband/railway investment could impact biodiversity, how could it be ensured that such biodiversity is preserved during the works; or if a hydro power plant would put fish populations at risk, how could fish be protected?)

In Poland, in case of investments that have a significant impact on the environment, project information sheets or reports on the project's environmental impact are prepared. These documents specify how the project should be implemented in order to minimize the damage of the environment and to compensate for possible damages. The methods of preserving biodiversity are specified in the report by a naturalist (e.g. obligations related to the relocation of species to other areas, deadlines for carrying out works in connection with breeding periods, the obligation to plant trees as compensation for felling, etc.)

3. If you consider that more State aid to support environmental objectives should be allowed, what are your ideas on how that should be done?

- a. Should this take the form of allowing more aid (or aid on easier terms) for environmentally beneficial projects than for comparable projects which do not bring the same benefits ("green bonus")? If so, how should this green bonus be defined?

"Environmental bonus", additional financial support for projects that are expected to outperform the limits defined in grant requirements. Additional increase in co-financing, if the project fits in the implementation of more than one environmental goal at the same time.

- b. Which criteria should inform the assessment of a green bonus? Could you give concrete examples where, in your view, a green bonus would be justified, compared to examples where it would not be justified? Please provide reasons explaining your choice.

Construction of a hydrogen-powered locomotive (environmental goal - mitigating climate change by avoiding emissions). Hydrogen used for propulsion will be a by-product of coal production - an additional bonus is granted for using a by-product of

another plant. In case of using hydrogen from water electrolysis, no bonus should be given (water resources are used)

At the same time, granting an aid should not be limited only to large projects - the implementation of many small projects may have the same positive effect on the environment.

4. How should we define positive environmental benefits?

- a. Should it be by reference to the EU taxonomy³ and, if yes, should it be by reference to all sustainability criteria of the EU taxonomy? Or would any kind of environmental benefit be sufficient?

An environmental benefit for one of the environmental goals of sustainable development and no harm to other goals would suffice.

Assessment of benefits should result from comparing the existing situation to the target situation - the environmental effect: significant reduction of emissions, significant improvement in the state of the environment (e.g. removal of pollutants from the ground or limitation of their spread), significant reduction in the emission or consumption of raw materials, energy in a given process or minimizing the risk of emissions of substances to the environment, the use of water in a closed circuit, technology that allows the management of waste generated in the process, etc.

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