

Social energy contract for households - urgently needed

The Polish government is under pressure because of energy prices. The energy market in Poland is worth over PLN 200 billion annually and hosts many conflicting interests. The rules of this market, including price formation, are difficult to convey in political language. Energy price issues are ideal ground for disinformation, which in turn reduces motivation for the energy transition and leads to a piling of problems. In this analysis, we show how the Polish government can approach the issue of energy prices without blocking necessary reforms while protecting consumers from excessive costs. This analysis focuses on households.

1. Context

The electricity price for households is based on fundamental factors—generation and transmission costs. It is also shaped by political decisions, not only regarding how the energy market functions but also in terms of the energy mix, competition support, and climate and environmental policy. The EU debate over high energy prices has become intense, with significant variations between countries. Wholesale and retail prices for different consumer groups, such as households or industry, have varying impacts. Income level also matters for households, as it determines purchasing power.

What we see on a household energy bill results from political decisions, energy market regulations, and fuel prices, which are largely shaped globally.

2. Proposals

Europe and Poland must modernise and invest. Energy market changes are accelerating. What strategy should be adopted? The energy market is a complex mechanism of interdependencies, requiring cooperation among many players to ensure a secure supply. Each player seeks to survive and make a profit. How can we support reform while preventing abuse? How can we protect consumers? Not every household wants or is able to take matters into their own hands and, for instance, become a prosumer.

That's why we propose a social energy contract. Its goal is a systemic approach to the energy transition and inevitable changes. It consists of four parts:

- **Modernisation plan** according to a coherent, government-adopted National Energy and Climate Plan (KPEiK);
- **Strengthening consumer protection** against unjustified cost increases;
- **Incentives** for investing in building thermal modernisation and heating source replacement, along with control tools for these processes;
- **Improving transparency** of the energy market's functioning.

This approach involves mobilising public administration and cross-sectoral cooperation. The key is to identify challenges that should motivate decision-makers to act.

3. Challenges

Rebuilding trust in the energy market, state-owned companies, and the government

Energy prices carry many expectations, disappointments, and interests. Recent years have revealed significant abuses in the functioning of state-owned companies, as confirmed by Supreme Audit Office (NIK) reports¹. Governmental price manipulation reinforces the belief that energy prices are purely political decisions, not the outcome of actual costs or market rules. As a result, freezing prices and interventions in 2022-2024, due to record fuel price spikes, have cost taxpayers over PLN 100 billion. Analysis by Bruegel² shows that although people across Europe still see climate change as a serious threat and support the energy transition, they are concerned about poor implementation and its costs.

The nervous approach of decision-makers, consumers, and media to energy prices stems from a lack of transparent pricing rules, lack of trust in the state, and real household concerns due to unexpected crises, including the COVID-19 pandemic, war, the energy crisis, and inflation. People have a right to worry about being left alone with unpaid bills.

High energy prices. Energy prices in Poland are the result of:

- The cost of generating, transmitting, and distributing electricity, along with tax burdens. The cost of generating electricity includes fuel prices (coal and imported gas) and CO₂ emission fees. Producing energy from renewable sources is the cheapest. On the other hand, as the share of renewables increases, the costs of balancing supply also rise, e.g., maintaining reserves and operating dispatchable sources that now run fewer hours. A lack of system flexibility and adaptability to variable sources generates additional costs.
- The structure of the energy market and the so-called price stack, in which the most expensive unit – typically coal in Poland and gas in the EU – sets the wholesale price, which then determines the remuneration level for all other sources. Cheaper energy sources profit from this system.
- Limited competition and lack of market transparency. The revenues of Polish energy companies are declining, while policymakers allow inefficient solutions to maintain the current operational model. Examples of such decisions include the removal of the obligation to trade electricity on the power exchange, subsidies for maintaining the outdated energy system (such as capacity market payments for coal plants), quality charges, and distribution fees (including the curtailment of renewables).

¹ Supreme Audit Office, Underfunded Grid, 2024, <https://www.nik.gov.pl/aktualnosci/wydatki-spolek-skarbu-panstwa-i-ich-fundacji.html>

² Bruegel, Europeans still want climate action, but don't trust governments to deliver, <https://www.bruegel.org/policy-brief/europeans-still-want-climate-action-dont-trust-governments-deliver>

- Weak national energy policy, insufficient consumer protection, the dominant position of domestic producers, and their efforts to preserve it.

Energy prices for lower-income households

- Although retail electricity prices in Poland are among the lowest in the EU, they are quite high relative to average household income. On average, a household spends around 11.5% of its income on energy—about 4% on electricity, and the rest on heating³. Real disposable income is steadily rising (by 2.3% in 2023 compared to 2022, and over 13% nominally). For comparison, food expenditures amount to roughly 27%. The average household consumes 2,200 kWh of electricity per year, costing around PLN 2,500. Proportionally, heating costs are a much heavier burden, yet the entire debate focuses on electricity.
- According to the Central Statistical Office of Poland (GUS)⁴, energy poverty affects between 5% and 18% of households. The wide range reflects the lack of a single, precise metric for the phenomenon. Those experiencing energy poverty are statistically more likely to use high-emission fuels, live in energy-inefficient homes, and lack both the financial means (and often the knowledge) to change their situation.
- Freezing energy prices is not the solution to energy poverty. As a developed country, Poland should ensure that energy is accessible to everyone, regardless of age or income. This requires precise and thoughtful actions, including support for improving building energy efficiency, income-based assistance, and addressing the root causes of high energy prices. Energy poverty should not be used as an excuse to block decisions related to the energy transition.

Large investments are needed

- Poland requires major investments in new energy capacity and grid infrastructure – about 100–120 GW by 2040⁵. These investments will affect energy bills. It is up to the state to decide how to distribute the cost burden between industrial and retail consumers, and how to tax energy.
- This process demands good planning, long-term scheduling, and private capital. That is why the National Energy and Climate Plan⁶ is crucial. It is essential for optimising planning and directing investment and financing where they are most needed. Unfortunately, despite numerous announcements, the government has yet to finalise or agree on this document.

³ Central Statistical Office of Poland, The situation of households in 2023 in light of household budget surveys, 2024 <https://stat.gov.pl/obszary-tematyczne/warunki-zycia/dochody-wydatki-i-warunki-zycia-ludnosci/sytuacja-gospodarstw-domowych-w-2023-r-w-swietle-badania-budzetow-gospodarstw-domowych,3,23.html>.

⁴ Central Statistical Office of Poland, Energy consumption in households, Warsaw 2021 <https://stat.gov.pl/obszary-tematyczne/srodowisko-energia/energia/zuzycie-nosnikow-energii-w-gospodarstwach-domowych-w-2021-r-,13,1.html>.

⁵ Forum Energii, Polish grids 2040 – ready for 90 GW of RES <https://www.forum-energii.eu/polskie-sieci-2040>.

⁶ Ministry of Climate and Environment, National Energy and Climate Plan, <https://www.gov.pl/web/klimat/krajowy-plan-na-rzecz-energii-i-klimatu>.

Geopolitical challenges and a carbon-heavy energy mix

Poland's problem is not just high energy prices. It also faces additional challenges, including:

- growing dependence on imported fuels (coal, gas, and oil),
- the dominance of coal in industry, despite it being a declining fuel, and the urgent need for its replacement,
- high CO₂ emissions and air pollution, which burden both the economy and public health.

The national economy requires energy investments and affordable electricity. The electrification of new sectors – buildings, transport, and industry – is accelerating, and demand for electricity will continue to rise. At the same time, improving energy efficiency across the economy is crucial to prevent the costs of this transition from spiralling out of control. We can debate the pace, timeline, and level of ambition for this change, but not the direction.

All of these challenges, both real and fundamental to the economy's functioning, will drive the need for change. While the pace of transformation may slow down, the “energy transition” will not halt. Therefore, adopting a new approach to implementing energy sector changes at the household level is essential.

4. What is a social energy contract (SEC)?

The Polish government faces numerous energy-related challenges and significant pressure for change. What's essential is not just the intellectual groundwork for planning the transition and potential course corrections but also effectively organising this change within society through a transparent process that fosters strong public dialogue. The government should develop a proposal for a social energy contract and consult its solutions, such as through a citizens' assembly.

Examples of this approach include the energy price consultation organised by the Stocznia Foundation⁷, the citizens' panel in Warsaw, and Municipal Climate Contracts. Similar public debates have been held in [France](#)⁸, Ireland, and Germany.

⁷ Stocznia Foundation, Citizens' Assembly on Energy Costs, 2024, <https://stocznia.org.pl/projekty/narada-obywatelska-o-kosztach-energii/>.

⁸ Forum Energii, From the Loire to the Vistula – Three steps in energy transition planning <https://www.forum-energii.eu/znad-loiry-nad-wisle-trzy-kroki-w-planowaniu-transformacji-energetycznej>.

What do we mean by a social energy contract?

It is a package of measures that protects energy consumers, sets the direction for change, and enhances transparency in the energy market in light of energy, environmental, and climate challenges.

It would also involve gradually phasing out energy price freezes. The SEC should take the form of a regulation issued by the Council of Ministers, requiring various institutions to carry out specific tasks within clearly defined timeframes.

Its main purpose, however, would be to prepare households for upcoming changes stemming from EU and national regulations and to combat disinformation and fearmongering. In the face of recurring false claims about the interpretation of EU rules, the contract should also clarify what will not happen (e.g., expropriation of homes or a ban on using gas boilers). The legal form and scope of the contract will require further clarification and political decisions.

The SEC preparation roadmap aligns with broader government efforts. For example, the Ministry of Funds and Regional Policy is currently developing a social climate plan, which is tied to the revision of the European Trading Scheme (ETS) Directive and the introduction of ETS2 (emissions charges for transport and buildings). This plan focuses on low-income households. In a recent report, we outlined recommendations for what should be included in [the social climate plan](#)⁹, which should ultimately be integrated into the SEC.

What should the social energy contract include?

All the actions listed below aim to protect energy consumers during the energy transition and support the transition process. Key elements should include:

- **Setting the direction for change, goals that Poland would achieve and how they would be realised**

General goals and pathways should stem from the KPEiK and the heating strategy, aligning with the state's strategic interests. These high-level objectives must be translated into actionable household-level plans and socially acceptable mechanisms. In Poland, strategic thinking and causal analysis are currently lacking. For instance, subsidising the replacement of old coal stoves with newer coal boilers wastes public funds and sends conflicting signals. The government must clearly define its preferred approaches to heating and energy efficiency. This should include investment support schemes (e.g., an improved "Clean Air" programme), a review of energy carrier taxation—on electricity, gas, and coal—and a coherent pricing policy. Electrification of heating should be prioritised, provided it offers

⁹ Ziółkowska, K., Socio-Climate Plan – how to support citizens in the transition?, Forum Energii, 2025, <https://www.forum-energii.eu/plan-spoecznie-klimatyczny-jak-wspierac-obywateli-i-obywatelki-w-transformacji>.

a cost advantage over other options. These efforts should be phased in gradually, as many changes occur naturally (e.g., appliance replacement cycles). Citizens must be informed about future costs and restrictions, while the state must take responsibility for its proposed strategies, adapting them as needed.

- **Financial incentives, including carbon pricing and tax reform**

Regulations and informing the public is not enough. Financial incentives – particularly through shaping energy carrier prices – are crucial. The state should define its pricing policy. A key element of this approach is the EU ETS, which incorporates the external cost of CO₂ emissions into energy prices. Electricity and electrification enable phasing out fossil fuels across various sectors of the economy, and developing domestic low-emission electricity sources – especially renewables – is in Poland’s interest. It is essential to consciously design the system of taxes and fees by reducing the burden on clean electricity and shifting it to fuels that Poland aims to move away from. The introduction of special tariffs for heat pumps should also be considered.

- **Simple energy bills**

Energy bills should be made simpler and more transparent. This can be achieved through guidelines for energy companies, aligned with, among others, the Energy Law¹⁰. Although bills provide many details, they are often hard to understand. Explaining the cost components-production, taxes, distribution – would foster public awareness of real energy costs. In the past, bills have been manipulated for [anti-EU narratives](#)¹¹.

- **Linking ETS revenues to investments and consumer support**

Despite bold pre-election promises, the government still fails to use ETS revenues to support the energy transition, diverting funds into inefficient solutions such as coal sector subsidies and energy price freezes¹². Yet, ETS revenues should serve a dual purpose – enabling investment support and providing targeted aid to vulnerable consumers, for example, through energy vouchers. The ETS is often viewed solely as a financial burden, overlooking the fact that charging emitters for CO₂ reflects the core environmental principle of “the polluter pays”. However, the purpose of the system is not for consumers to bear this cost indefinitely, but to drive investments that reduce environmental harm and gradually lower these costs. If ETS revenues are used to support solar PV, home retrofits, or e- mobility, this should be clearly communicated on energy bills to ensure consumers understand and recognise the benefits.

¹⁰ Ministry of Justice, Report of the Disinformation Task Force of the Commission for Investigating Russian and Belarusian Influence, 2025, <https://www.gov.pl/web/sprawiedliwosc/raport-zespolu-ds-dezinformacji-komisji-ds-badania-wplywow-rozsyjskich-i-bialoruskich>.

¹¹ Forum Energii, Transformation Plan for the City of Rawicz, <https://www.forum-energii.eu/rawicz-plan-transformacji>.

¹² Eurostat, Electricity price statistics, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Electricity_price_statistics.

- **Consumer protection**

Despite rapid changes in the energy and heat markets, energy consumers are largely left to fend for themselves. Responsibility for consumer protection is fragmented between the Office of Competition and Consumer Protection (UOKiK) and the Energy Regulatory Office (URE), yet neither authority has the tools to provide effective protection.

That's why we propose:

- **Establishing an energy consumer ombudsman.** With the rapid changes occurring in the energy market, abuses are becoming more common, whether related to investment support schemes (such as the Clean Air programme¹³) or emerging market players (e.g., energy suppliers). The state currently lacks the necessary tools to prevent such issues. Therefore, it is critical to establish an Energy Consumer Ombudsman, potentially within the Energy Regulatory Office. The Office of Competition and Consumer Protection currently lacks the authority to actively safeguard energy consumers. A dedicated energy ombudsman could play a key role by, among others:
 - publishing clear and accessible data that helps consumers to understand the energy sector, including price forecasts and scenario analyses,
 - advocating for consumers in legislative processes,
 - supporting law enforcement in combating unfair practices in the energy market.
- **Income Support.** Vulnerable consumers at risk of energy poverty must receive targeted support to ensure they can meet their basic energy needs when facing financial difficulties. The energy voucher introduced in 2024 should be enhanced and continued. It should be financed through ETS revenues, clearly linking the cost of CO² emissions to household support for the energy transition. Additionally, it should incentivize investments that will provide long-term improvements in the energy situation of households.

A New Household Investment Support Programme

- Investment support is vital, including a thorough revision of the Clean Air programme. This programme should focus on the comprehensive impact of the energy transition at the household level. In the updated approach:
 - The Ministry of Climate and Environment should take the lead in setting strategic directions, aligning them with the KPEiK,
 - The National Fund for Environmental Protection and Water Management (NFOŚiGW) should oversee the management of the support programmes,

¹³ Energy Law Act of 10 April 1997 (Journal of Laws of 2021, item 716 as amended)

- Municipalities and specialised agencies (e.g., the Energy Regulatory Office, the General Office of Building Control) should be responsible for the programme's implementation.

The government is currently revising the Clean Air programme and plans to present the updated version in March this year.

New Clean Energy Programme as a component of the Social Energy Contract

Defining clear transformation targets within the KPEiK is essential. The National Fund for Environmental Protection and Water Management should be responsible for translating these goals into actionable national strategies. The government must treat the Clean Air programme not merely as an environmental initiative but as a key instrument for enhancing the quality of life of Polish citizens. Its objectives should be firmly rooted in a broader, integrated energy and climate policy that simultaneously addresses air quality, climate protection, and energy security.

The programme should actively support the development of domestic industry based on clean energy capable of producing affordable components locally, generating economic value, and boosting national resilience. Well-structured, large-scale programmes like Clean Air can offer long-term growth opportunities for Polish businesses.

The aim of the programme should extend beyond environmental outcomes and include tangible economic benefits for households. While such a comprehensive approach may slow the pace of change, it is far more likely to ensure its durability and public support.

Looking ahead, the programme should expand to embrace more innovative mechanisms for supporting households in the energy transition – mechanisms that the NFOŚiGW could oversee at the strategic level. Financing models involving banks or ESCO ¹⁴ mechanisms should be explored to diversify and strengthen delivery.

Decentralised implementation could also increase the programme's reach and impact. Engaging local governments through advisory contact points would allow households to make informed, technology-neutral, and cost-effective decisions. In parallel, the state should invest in public education on energy efficiency and develop accessible digital tools and calculators to help citizens assess and optimise the benefits of their choices.

Building an ecosystem for the transition

Support in the form of investment is not enough. The challenge lies in the quality and effectiveness of activities carried out with public support and their actual economic and environmental impact. Overlooking outcomes of undertaken actions undermines public trust in the state and raises doubts about the value of such programmes. It is essential to have contractors and tools that facilitate change

¹⁴ Adamczewski, T., Dusło, M., Lack of transformation drives energy prices, not climate policy, Forum Energii, 2022, <https://www.forum-energii.eu/brak-transformacji-winduje-ceny-energii-nie-polityka-klimatyczna-1>

and help reduce costs. Reliable data to support planning and evaluate outcomes is also crucial. Therefore, we propose:

- Creating databases on energy consumption, households, and energy efficiency. Such data will enhance public policy planning and cost assessments. Currently, the Central Emission Register of Buildings, maintained by the Chief Office of Building Control (GUNB), contains incomplete or faulty information, and data from the Central Statistical Office of Poland (GUS) does not reflect today's transition challenges (as discussed in [this analysis](#) by Forum Energii¹⁵).
- Launching training programmes for certified energy efficiency advisors in buildings, and certifying both auditors and contractors.
- Establishing a non-commercial institution under government oversight to support energy efficiency improvements and transition processes. This institution would focus on building public awareness and an understanding of energy use and technology-neutral solutions.
- Introducing mechanisms for post-investment monitoring and evaluating the results of activities supported by public funds.

Combating disinformation

- According to the government's report on disinformation¹⁶, Poland is exposed to targeted Russian campaigns aimed at undermining the energy transition and the climate crisis agenda. This information war seeks to discredit EU strategies and weaken the European Union. While EU or national regulations should and can be debated in a democratic society, questioning the direction of change, the scientific foundations of decisions, or well-established facts is a cause for serious concern.
- Disinformation campaigns often mix true and false information. The government should address the most significant disinformation narratives, clearly articulate its intentions and goals, and explicitly state what will not happen, for example, banning gas heating in buildings or expropriating properties that fail to meet energy standards.
- Educational campaigns are essential to raise public awareness of climate change, the modernisation of the energy sector, and the broader energy transition.

Using digital tools for strategic planning in municipalities

- Digitalising local energy and climate transition planning processes. Building digital databases can enable municipalities to design low-cost transitions and communicate more effectively with citizens. In recent years, Forum Energii, together with Enercode, supported

¹⁵ Supreme Audit Office, Management of funds obtained from the sale of emission allowances under the EU ETS, 2024, <https://www.nik.gov.pl/kontrola/P/22/042/KSI/>.

¹⁶ CzystePowietrze.gov.pl, Abuses in the Clean Air program. Suspicious contracts worth over half a billion PLN, 2024, <https://czystepowietrze.gov.pl/wazne-komunikaty/naduzycia-w-ppcp>.

the development of such digital tools for [six Polish cities](#)¹⁷. These efforts demonstrate that the costs of the energy transition can be significantly reduced and more effectively planned. The state should systematically support the development of digital tools for cities that reflect real-world interdependencies, unlike strategies or plans that are drafted but never implemented.

Changes in tax burdens and revision of charges

Eurostat data¹⁸ show that Poland has the highest share of various fees and taxes (energy-related, environmental) within the energy price structure in the European Union. In this area, the government should consider developing a new strategy. It is worth rethinking the current fee system, including capacity charges, cogeneration fees, renewable energy, quality surcharges, as well as VAT and excise taxes. When rebalancing charges, the use of ETS revenues could be considered (provided that these funds support transformation and are not used to maintain the status quo).

Phasing out price freezes in return for a commitment to intervene during sudden price spikes

The government continues to freeze energy prices, although this is a costly solution that discourages investment in the long term. During the 300–400% price surges in 2022 following Russia's invasion of Ukraine, all EU member states decided to intervene. It was an unprecedented response. Now is the time to evaluate which of those measures proved most effective, what were their costs, and how to better prepare for similar future shocks. The government cannot bear sole responsibility for energy prices. Gradually lifting price freezes is essential and should be paired with a clear commitment to protect consumers in the event of sharp price increases

5. Summary

Poland faces a number of challenges related to the energy transition, as well as energy security shaped by a deteriorating geopolitical environment.

The energy transition is becoming more relevant for households and is no longer limited to efforts aimed solely at protecting the climate, air, or the environment. Change is being driven not only by new technologies and solutions but also by the pressing need to reduce fuel imports. Meanwhile, disinformation and shallow narratives have begun to influence the country's energy strategy, largely because Poland has lacked its own long-term strategic vision and clearly internalised interests for years. In such a vacuum, external agendas are even easier to impose. This chaos poses a serious threat to the political stability of both Poland and the EU. Institutional weakness is fuelling real, justified public concerns, particularly since electricity and heating costs are a fundamental and significant part of household budgets. When change is pressured, such as through the replacement of heating systems, and results fall short, trust in the state is eroded.

¹⁷ Ministry of Climate and Environment, What is an ESCO company, <https://www.gov.pl/web/klimat/co-to-jest-firma-esco>

¹⁸ Eurostat, Electricity price statistics, https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Electricity_price_statistics.

The signals the government sends regarding the transition are inconsistent, and actions taken, such as investment support, represent only a small part of what is needed for successful change. It is essential to stabilise the situation and define a clear strategy for households, developed through dialogue with society. On this basis, a social energy contract for households should be proposed, one that not only outlines a direction but also strengthens protections for energy consumers.

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