



Poland Offshore Wind

CAPITALISING ON THE SECOND WAVE

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Poland has moved decisively from blueprint to execution. Phase I offshore wind projects are now in physical delivery, and the market's first competitive auction in December 2025 awarded Contracts for Difference (**CfDs**) to 3.435 GW across three projects.

The legal framework underpinning this progress is clear and bankable: a two-way, 25-year CfD regime anchored in statute; a transparent, points-based seabed tenure system built around the Permit for the Erection of Artificial Islands (*pozwolenie na wznoszenie lub wykorzystywanie sztucznych wysp*, **PSZW**); and an accelerated permitting and grid-connection pathway. The immediate conclusion is straightforward. Poland has become a tier-one offshore wind jurisdiction with a maturing second wave of projects and a defined route to market.

Because the key Phase II seabed sites are concentrated in the hands of state-controlled champions, entry for international investors will primarily be via joint ventures and corporate transactions. The transmission system operator's most recent draft development plan confirms system readiness for up to around 18 GW of offshore wind by the mid-2030s, including a north-south HVDC backbone. As at February 2026, the opportunity lies in pairing of international capital and delivery capability with Polish sponsors' portfolios that already hold seabed rights, grid pathways and, for auction winners, 25-year revenue stabilization.

MARKET STATUS: THE SECOND WAVE HAS ARRIVED

The market narrative has shifted from planning to delivery. Phase I projects totaling 5.9 GW secured administratively allocated CfDs in 2021 and are now deep into construction.

Baltic Power, co-developed by Orlen and Northland Power, reached final investment decision in 2024, began onshore works that year, moved offshore in early 2025 and targets first power this year. The Baltica 2–3 scheme, developed by PGE and Ørsted, is also advancing at pace following investment decisions and contracting milestones, with Baltica 2 slated to commission in 2027. Polenergia and Equinor's Bałtyk II and Bałtyk III projects secured what is understood to be the largest project finance transaction in Polish history, with financial close achieved in May 2025, underscoring the market's maturity and the depth of lender appetite for Polish offshore wind. Ocean Winds also closed financing for its BC-Wind project at the end of 2025, further validating the bankability of the Polish CfD framework. This concrete progress demonstrates that the bankability elements embedded in the Polish regime translate into financial closing and physical build-out.

The center of gravity for sponsors and lenders has nonetheless moved to the so-called second wave. On 17 December 2025, the Energy Regulatory Office concluded the first competitive Phase II auction, awarding more than 3.4 GW of two-way CfDs to three projects: 975 MW Baltica 9 (PGE), 900 MW Baltic East (Orlen Neptun) and 1560 MW Bałtyk 1 (Equinor/Polenergia). Published strike prices clustered in a narrow band between PLN 476 and PLN 493 per MWh and first-power dates disclosed in the auction outcomes fall before the end of 2032. These results provide price discovery, confirm depth of sponsor appetite and establish tangible delivery timetables for the second wave.

The allocation profile also signals an important structural feature. Through the seabed-allocation process, a significant share of Phase II PSZW areas has been awarded to PGE Group and Orlen Neptun. The December 2025 auction therefore consolidated route-to-market rights for a meaningful tranche of capacity within portfolios that the domestic sponsors have publicly indicated will be executed with joint-venture partners. For international developers, utilities and infrastructure funds, this seems likely to re-weight market entry from greenfield seabed applications to partnering and M&A.

The Legal Engine: Support, Seabed and Permits

THE CFD SCHEME: SCOPE, SETTLEMENT AND BANKABILITY

Poland's offshore support model is a classic two-way CfD that stabilizes revenue for up to 25 years from first generation and export to the grid. The duration is defined by statute and operates in tandem with an overall support cap equal to installed capacity in megawatts multiplied by 100,000 hours, which approximates a quarter-century of full-load operation. Monthly settlements net the market price project's realized generating electricity against the indexed strike price. Where the day-ahead reference price for the Polish market area falls below the strike price, the operator of the renewable-energy settlements system (Zarządca Rozliczeń S.A.) pays the negative balance; where the day-ahead price exceeds the strike price, the generator accrues a positive balance that is netted forward and, to the extent still positive after the calendar year, repaid by 30 June of the following year. If the transmission system operator (**TSO**) constrains generation of an offshore wind farm, curtailed volumes settle with a PLN 0 reference price for the curtailed period, preventing penalties during TSO-driven redispatch or connection delays that are evidenced in the grid-connection documentation.

The strike price is corrected by the amount of state aid received by the project as well as by revenues received from the sale of export assets (if such sale takes place).

Indexation and currency mechanics have been refined through late-2025 amendments. As a default, the strike price is indexed annually by the average consumer price index for the prior calendar year starting from the year following the year of an auction in which the CfD was awarded to a project. To manage extreme inflation scenarios, the law now caps the auction-based indexation at the Monetary Policy Council's medium-term inflation target where CPI exceeds that target, and suspends indexation in years where a project is late against its first-power obligation after the sponsor has formally notified delay. To mitigate currency mismatch between zloty revenues and euro-denominated capex or opex, sponsors may elect—via a pre-settlement declaration—the proportion of the strike price to be settled in euros, with a formulaic monthly conversion to zloty using the Narodowy Bank Polski's average daily exchange rates. Such declaration may be changed once during the CfD term but within 15 years from the first export of electricity to the grid.

The scheme is otherwise tightly sequenced to sustain delivery discipline. First power must be achieved within seven years of the relevant award or auction close, subject to narrowly defined extensions. Turbines must be manufactured within 72 months prior to first generation and must not have been previously subject to depreciation in the accounting books of any entity.

Phase I projects received administrative CfDs based on the award decision. All subsequent support is awarded competitively via pay-as-bid auctions, with price as the sole award criterion within area-specific and system-wide volume caps. However, due to the requirements of the EU Net-Zero Industry Act, Poland is now obliged to implement mandatory non-price criteria in the renewable energy auctions covering at least 30% of the volume auctioned annually, including offshore wind auctions. However, the relevant legislation has not been enacted yet.

Table I. Main features of the polish offshore CfD scheme

FEATURE	DESIGN SUMMARY
Contract type	Two-way CfD; monthly settlement against Polish day-ahead reference price
Support duration	Up to 25 years from first generation; overall support cap of installed MW × 100,000 hours
Indexation	Annual CPI; auction-based awards capped at the Monetary Policy Council's medium-term inflation target if CPI exceeds it; indexation suspended during notified delay years
Currency	Portion of strike price may be settled in euros per sponsor election
Curtailement	TSO redispatch compensated with PLN 0 reference price for curtailed periods
Technology and schedule	Devices ≤72 months old at first generation; first power within seven years, limited extensions
Positive balance	Netted forward monthly; calendar-year surplus repaid by 30 June of following year

THE AUCTION CADENCE AND RECENT ALLOCATION

The statutory auction timetable provides clear forward visibility. Auctions are scheduled for 2025 (that one took place in December 2025), 2027, 2029 and 2031, with maximum aggregate volumes of 4 GW in each 2025 and 2027, and 2 GW in each 2029 and 2031. A residual auction may be held in 2032, if volume remains after the 2031 round. The Council of Ministers may reduce volumes for system-balancing reasons, but the framework aims to sustain program momentum. The December 2025 auction awarded 3,435 MW to three projects, with first-power dates before end-2032, solidifying the next tranche of bankable capacity.

Late-2025 amendments also improved auction operability. Sponsors may obtain conditional pre-qualification while awaiting a final environmental decision, preserving bidding optionality for otherwise advanced projects. Two distinct projects of the same project company may be bid from within a single PSZW area, provided they have separate export routes and meet design constraints; both cannot win in the same round. Where residual seabed capacity exists within a Phase I area, the unused portion may support a second project in Phase II. A one-off intervention auction is also available if a planned round fails for want of eligible bids.

SEABED TENURE: THE PSZW LOCATION PERMIT

The PSZW is the foundational seabed right in Poland's waters. It is issued under the Maritime Areas and Maritime Administration Act and defines location and conditions for artificial islands and offshore structures. It is also a pre-requisite for participation in the CfD auction.

Where multiple investors apply for the same area within the exclusive economic zone, the Minister of Infrastructure must conduct a competitive determination proceeding. That proceeding is governed by criteria and a points matrix set out in secondary legislation after extensive consultation. The criteria include compliance with the maritime spatial plan, realism and duration of the development schedule, the form and strength of financial security for payment of seabed fees, the robustness of financing plans across equity and debt, sponsor track record in offshore, onshore and conventional generation, high-voltage grid experience, stated contributions to national and EU policies, expected energy-transition impacts, hydrogen and storage capability, and seabed-use efficiency.

Procedurally, the PSZW can run for up to 30 years from the date when the electricity generation license for the offshore wind farm becomes final and binding (i.e. after the commissioning of the wind farm) and may be extended for a further period of up to 20 years where conditions have been met during the initial term. Fees are regulated, staged to build milestones and indexed. Export assets to shore are built by sponsors and connected under initial grid-connection conditions that convert to binding connection terms if the project is awarded the CfD. In defined circumstances, the TSO has a pre-emptive right or option to acquire export assets at replacement value under statutory rules, an element to calibrate in finance and O&M planning.

The practical upshot for Phase II is clear. All commercially attractive areas have now been allocated, with a preponderance of permits awarded to PGE Group and Orlen Neptun and their affiliates. Entry for international developers therefore lies primarily in farm-ins and corporate transactions, not fresh seabed applications. However, sponsors should note that the maritime spatial plan is a living document subject to periodic review: if the government elects to amend the plan to designate additional offshore wind areas in the Baltic, new PSZW application rounds could follow. The Maritime Areas Act requires that plans be reviewed at least once every ten years, and the Minister of Infrastructure may initiate amendments where policy or legal circumstances change. Any such expansion would require formal plan amendments and fresh determination proceedings, but represents a longer-term route to market for developers willing to engage early with the planning process.

PERMITTING PRIVILEGES AND ACCELERATION

The Offshore Wind Act compresses and de-risks post-seabed permitting. Environmental decisions, water-law consents and building permits for offshore wind and associated export assets are granted with immediate enforceability. Appeals do not suspend their effect and they cannot be annulled wholesale where only a discrete portion is defective, reducing litigation as a path to construction delay. Time limits for decision-making are shortened, and a fast-track exists for approvals of geological works and documentation. Practical build-out has also been eased by provisions allowing micro-adjustments to turbine or substation foundations to address unforeseen seabed conditions without reopening PSZW permits, where key environmental and location parameters remain unchanged.

Poland is simultaneously aligning its framework with the EU's accelerated renewables agenda. The Energy Law now references plans for accelerated-deployment areas for renewables, a concept driven by RED III. Implementation across technologies is ongoing. The logic for offshore is consistent with the treatment already codified in the Offshore Wind Act: where planning has been done at the plan level, subsequent project-level assessments are simplified and decision timelines are compressed. Sponsors should track designations and accompanying guidance as they crystallize, noting that the sector already benefits from the permitting privileges set out above.

STRATEGIC OPPORTUNITIES: PARTNERING WITH PGE AND ORLEN

The market structure creates a clear opening for international capital and expertise. PGE and Orlen Neptun hold the lion's share of Phase II PSZW areas—five each following the 2023 determinations—and have been explicit in public commentary about their intention to develop these portfolios with partners. This stance is consistent with their Phase I joint-venture experience, with PGE working 50/50 with Ørsted on Baltica 2–3 and Orlen co-developing Baltic Power with Northland Power while also investing in Poland's first dedicated offshore installation terminal at Świnoujście.

For potential partners, the proposition is attractive. At the project level, the route-to-market is defined: seabed rights are secured by PSZW, grid pathways are visible through initial grid-connection conditions that harden upon CfD award, and for December 2025 auction winners the 25-year revenue stabilization is now locked in by statute and regulatory decision. The risk-allocation architecture within the CfD—particularly indexation, the ability to settle a defined portion in euros and protections during TSO-driven curtailment—maps closely to bankability requirements for limited-recourse financing.

From the sponsors' perspective, there are two needs. The first is balance-sheet support to share the capital burden across the 2030s, together with financial-structuring capacity to bring multiple large assets to final investment decision in an overlapping time frame. The second is execution depth: turbine, foundation, cable and installation expertise, marine logistics and a proven ability to manage procurement, interface risk and weather windows while aligning with the supply-chain plans required under the Act. Public statements and market soundings through 2024 and 2025 indicate that both state champions are open to a spectrum of partnering structures, from classic 50/50 project-level ventures to broader portfolio alliances. Formal processes are expected to ramp over 2026. Specific timetables and formats will be published by the sponsors; in the interim, credible counterparties should develop JV blueprints that address governance, equity and debt pacing, supply-chain strategy, foreign-exchange risk under the CfD, and long-term O&M and asset-transfer mechanics for export infrastructure.

A parallel opportunity may emerge as Phase I projects reach commercial operation. Once Baltic Power, Baltica 2–3, Bałtyk II–III and BC-Wind achieve COD, existing JV partners—including Northland Power, Ørsted, Equinor and Ocean Winds—may seek to recycle capital deployed during the construction phase. Such transactions could take the form of partial divestments at the project-company level or sales of interests in intermediate holding vehicles through which sponsors hold their JV stakes. For infrastructure funds and institutional investors seeking de-risked, yield-generating assets backed by 25-year CfDs, these secondary opportunities may represent an attractive complement to the greenfield Phase II farm-ins. Prospective buyers should monitor sponsor announcements and maintain transaction-ready due diligence frameworks to move swiftly when processes launch.

FUTURE OUTLOOK: AN 18 GW GRID-READY HORIZON

Planning by the TSO confirms that offshore wind is core to Poland's future power system. In January 2026, the TSO published its draft Development Plan for 2027–2036, which builds on the regulator-approved 2025–2034 plan. The document sets out a significant reinforcement program: thousands of kilometers of new 400 kV lines, dozens of new or modernized substations and, crucially, a controllable north–south HVDC corridor designed to move power from Baltic generation clusters to industrial demand in the center and south. The TSO's scenarios envisage the connection of approximately 18 GW of offshore wind by the mid-2030s, in tandem with a rapid build-out of onshore wind and solar. The plan also embeds system-stability resources suited to a converter-rich grid, including synchronous condensers and reactors, and integrates connection projects for the first nuclear unit in Pomerania. Named projects in northern Poland—new lines, station reinforcements and reactive-power devices—are explicitly justified by the need to evacuate offshore wind.

Policy anchors are aligned to this trajectory. The Offshore Wind Act as consolidated to late 2025 codifies auction volumes totaling 12 GW across 2025–2031 and, together with the administrative Phase I awards, implies a sectoral scale approaching 18 GW. The TSO's strategic objective, articulated in December 2025, is to have the national system ready for safe and stable operation in a zero-emission mix by 2035. While any infrastructure plan carries delivery risk, the combination of legal commitments on the generation side and system-operator planning on the network side is a strong bankability signal. For sponsors and lenders, the HVDC spine materially reduces curtailment-risk concerns and complements the CfD's protective settlement features.

CONCLUSION

Poland's offshore wind framework has matured rapidly and now provides a complete, navigable route from seabed award to bankable cash flows. The December 2025 auction delivered a decisive proof-point for Phase II, contracting 3.435 GW to three large projects at strike prices consistent with a market capable of absorbing industrial-scale build-out. Further auction volumes of up to 8 GW are envisaged in bi-annual auctions up to 2031. The CfD architecture is robust, with statutory settlement mechanics, annual indexation calibrated by recent amendments, protections for TSO-driven constraints and an option to settle a defined share in euros. The seabed-tenure regime is transparent and competitive, and the permitting stack is expressly accelerated and immediately enforceable. On the system side, the TSO's draft 2027–2036 plan confirms the grid trajectory to accommodate up to around 18 GW of offshore wind, anchored by a north–south HVDC corridor and extensive 400 kV reinforcements.

For international investors and developers, the window now is now to prepare credible JV propositions tailored to PGE and Orlen's portfolios. Those should set out bankable governance and capital structures, supply-chain strategy aligned to Polish industrial-policy objectives, FX-risk allocation under the CfD's euro-settlement option, and long-term O&M planning, including the statutory treatment of export infrastructure.

A secondary opportunity will arise as Phase I projects reach COD: existing JV partners may seek to recycle construction-phase capital through partial divestments at project-company or holding-vehicle level, offering infrastructure funds and institutional investors access to de-risked, yield-generating assets backed by 25-year CfDs.

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