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## **Data Centres in Poland: Planning and Electricity**

Over the last several years, Poland has been attracting increased investment in data centres. Two large hyperscalers publicly announced that they operate cloud regions in Poland. Poland hosts both globally recognised data centre developers, as well as a variety of local companies. Interest from global developers has surged in recent years, particularly since the pandemic. Geographically, larger data centres are mainly concentrated in the Warsaw region.

However, as in other countries, further development of Poland's data centre market depends largely on special planning rules and the availability of electricity.

### **Special Planning – A Breakthrough Moment**

As regards special planning, there are two important issues significantly impacting data centre projects.

The first is relatively low restrictions on data centre projects. From the planning perspective, data centre development in Poland does not differ significantly from more traditional projects. Neither national law nor typical local master plans impose specific restrictions on data centre development, so such projects can be situated on a relatively large number of plots, in particular on many of those earmarked for general services development.

Secondly, there was a breakthrough moment for spatial planning in Poland – a major amendment to the spatial planning regulations enacted in 2023. Some of the changes have already come into force, but certain major new restrictions do not yet apply. The new law has created new opportunities, such as a

special type of local plan (integrated investment plan), which creates new possibilities for the municipality and investors to agree certain investments in exchange for, for example, the investor's financial participation in an investment important for the local community. However, under the new law general development plans should be enacted by 31 December 2025, and this may limit the possibility of situating new developments in certain areas.

In general, a sudden tightening of the planning requirements with respect to data centres seems unlikely. Nevertheless, a detailed permitting strategy for the investment process is important in the current legal environment. Also, depending on the exact location, investors may prefer to secure permits before a general plan for a given area is adopted.

### **Electricity Connection Conditions**

So far, data centre developers entering the Warsaw region have been able to secure the necessary power for new hyperscale data centre builds. However, the growing demand for power connections and the AI-driven emphasis on larger data centres (above 100 MW) raise questions about the future.

The critical step in securing power is obtaining connection conditions from the relevant electricity network operator. Connection conditions are valid for two years and do not involve significant costs at this early stage.

Network operators are obliged to issue connection conditions on an equal-access basis. Although they are obliged to provide a connection to the network, the law provides for two generally defined reasons for refusal: insufficient technical or economic conditions for connection. The reason for refusal matters because in case of a refusal solely on economic grounds, a grid connection agreement may still be concluded and it would state the grid connection fee (which may be higher than the standard fee). An entity that has been refused a grid connection may appeal such a decision to the President of the Energy Regulatory Office. However, the processing time for such cases is long.

The number of grid connection refusals has been increasing. This is mainly due to the large number of investments in photovoltaic power plants, both ongoing and planned throughout Poland, which have strained the ability to connect new facilities to the grid.

In this context, we review the Energy Regulatory Office (URE) president's statement dated 22 March 2024. It was issued mainly with respect to renewable energy sources but is general and thus also applies to other connections, including data centres. Although it is not a binding law, the statement is likely to influence the practices of network companies with respect to connection conditions.

According to the URE president, refusing a network connection due to insufficient technical conditions should be rare because, while in many cases it may require significant additional investments in the grid, typically it is possible to provide the desired connection. Thus, the president may be suggesting that grid operators should avoid refusing grid connections due to insufficient technical conditions (or at least, based on these conditions only) and instead concentrate on refusals due to economic reasons. In practice, this would mean that grid operators should not refuse to connect large developments (even those requiring large electricity capacity) but should be able to require investors to participate financially in investments in grid redevelopment.

From the data centre perspective, this is a move in the right direction. If network operators align their practices with the URE president's suggestions, it will mean that even large data centre projects should

not face a refusal of connection conditions, although construction budgets may need to incorporate a share of grid improvement costs.

## Authors

This GT Advisory was prepared by:

- **Adam Narloch** | +48 22.690.6105 | [Adam.Narloch@gtlaw.com](mailto:Adam.Narloch@gtlaw.com)
- **Dorota Derlicka** | +48 22.690.6121 | [Dorota.Derlicka@gtlaw.com](mailto:Dorota.Derlicka@gtlaw.com)

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