

Poland's electricity taxes are lower than those reported by Eurostat

Why is that?

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Why it matters?

Debates on electricity costs frequently draw on Eurostat data suggesting that Poland has one of the highest shares of taxes and levies in electricity bills in the European Union¹. However, this picture is largely created by an accounting discrepancy.

¹ Source: [Electricity price statistics by Eurostat](#).

The perception that electricity is heavily taxed in Poland has led experts to recommend simple solutions aimed at reducing non-energy taxation². In practice, such measures would have limited impact on electricity costs for Polish consumers.

² Non-energy taxation of electricity refers to levies that are unrelated to the costs of electricity generation, the costs of electricity distribution or the costs of ensuring the safe operation of the power system. Non-energy taxes in Poland include VAT and excise tax.

According to Eurostat, taxes and levies accounted for 42.9% of household electricity bills in 2025. Our calculations show a significantly lower level of 27.1%. Within this figure, VAT represented 18.7% of a total electricity bill, while other taxes and levies accounted for approximately 8.4% (see [Figure 1](#)).

For non-household consumers, Eurostat reports a share of around 36% in 2025. Our estimates indicate that Polish non-household consumers actually paid between 10% and 12% of their electricity bill in taxes and levies (excluding VAT), depending on tariff group and energy consumption profile.

Complexity of electricity bill

To explain the discrepancy between Eurostat data and the actual billing structure, it is useful to examine how electricity prices are composed.

Electricity bill in Poland consists of three main components: **energy supply** (electricity price, business fee), **network charges** (variable network fee, fixed network fee, service fee), and **taxes and levies**. VAT (23%) is applied to the total bill.

Overall, apart from VAT, electricity bill includes five taxes and levies:

- **quality fee** – a fee for maintaining the quality and reliability of electricity supply;
- **renewable fee** – a fee for financing state support systems renewable energy sources;
- **CHP fee** – a fee for financing state support systems high-efficiency cogeneration sources;
- **capacity fee** – a fee for ensuring adequate generating capacity, used to finance capacity market;
- **excise tax** – a revenue for the state budget.

There is no environmental tax

Eurostat data indicates that there is significant “environmental tax” component in electricity prices in Poland. According to this source it amounts to 16.6% of electricity bill for households and 23%³ for non-household consumers. However, **no such tax exists in Poland, neither for households nor for businesses.**

³ Excluding VAT.

So, what does this category represent?

As explained by the Polish Ministry of Climate and Environment⁴, it reflects an estimate of CO₂ emission costs, i.e. the cost of EU ETS allowances. These costs are not levied as a tax. They are embedded in wholesale electricity prices as a part of energy supply costs.

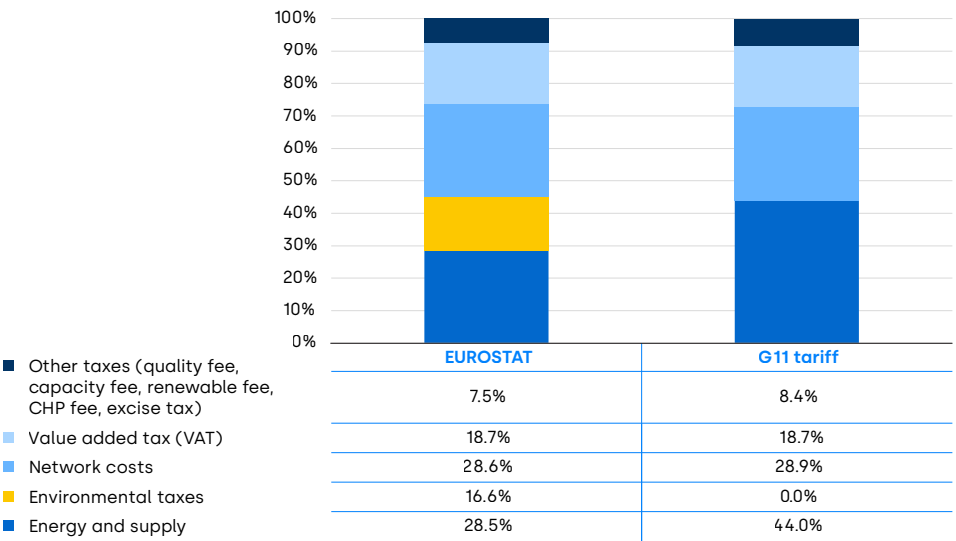
⁴ Source: [PAP Biznes](#).

To illustrate the problem, we compared Eurostat data with the most common household tariff (G11). The comparison shows a close alignment across most components. The main difference concerns two positions:

- energy and supply;
- environmental taxes.

According to Eurostat data, in 2025 energy and supply accounted for 28.5% of electricity bill for Polish households, while “environmental tax” stood at 16.6%. However, according to tariff-based estimate electricity price represented approximately 44% of total bill for most households.

Figure 1. Electricity price components in 2025 – differences between Eurostat data and G11 tariffs in Poland.



Source: Eurostat data (left) and Reform Institute based on electricity and distribution tariffs for households in Poland (right).

At the EU level, there are no guidelines recommending member states to separate EU ETS allowance costs and report them as an “environmental tax”. **This procedure is specific to statistical reporting carried out by Statistics Poland.**

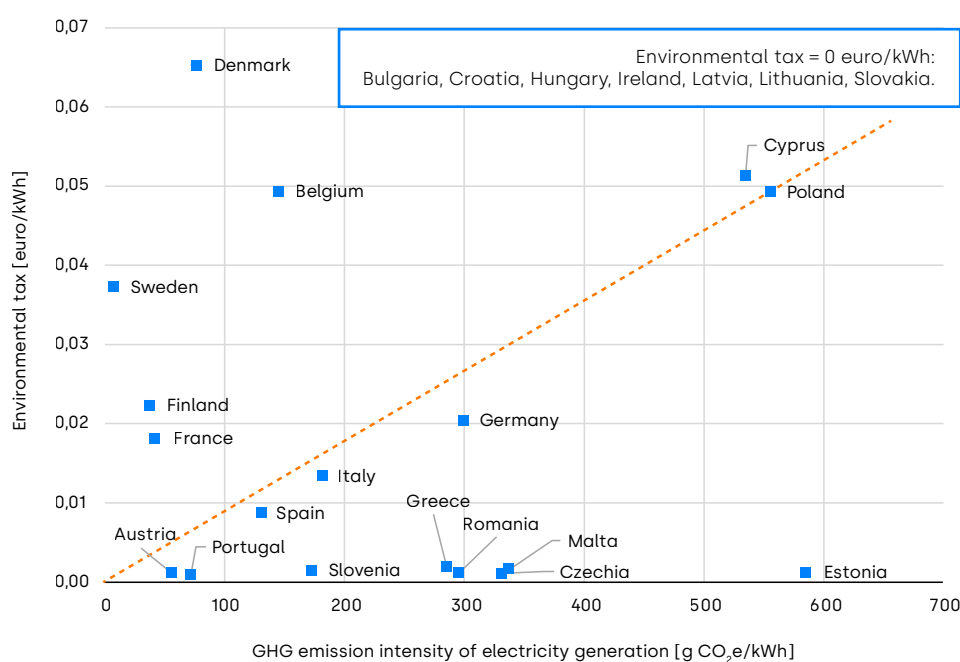
An analysis of Eurostat data shows that other member states do not apply a similar reporting approach consistently.

Most countries don't report CO₂ costs as environmental tax

Were countries to report CO₂ emission-related costs as an “environmental tax,” the amount of this charge in each country would be linearly dependent on the level of emissions associated with electricity generation in that country.

However, seven countries report no environmental tax on electricity: Bulgaria, Croatia, Hungary, Ireland, Latvia, Lithuania, Slovakia. The Netherlands reports negative values. In other member states environmental tax levels are not proportionally aligned with the carbon intensity of electricity generation (see Figure 2). The only exceptions, besides Poland, are Spain, Germany, Italy and Cyprus.

Figure 2. Environmental taxes and GHG emission intensity of electricity generation in different EU countries in 2024 as reported by Eurostat.



Source: Reform Institute based on Eurostat data.

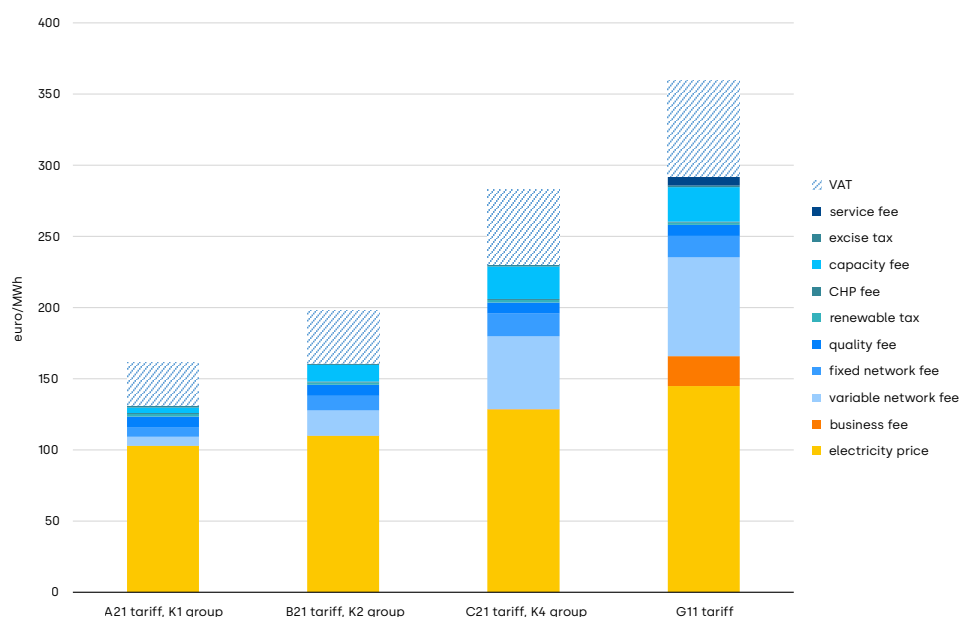
Energy and network charges dominate electricity bills

In 2026, energy supply accounts for 46.2% of average household electricity bill in Poland. Network charges account for 25.2%. VAT represents 18.7%. Other taxes and levies account for around 9.9%. The capacity fee is the largest individual levy, representing 6.7% of total energy bill.

For non-household consumers, taxes and levies (excluding VAT) account for 11.5% – 15% of total electricity costs. Capacity fee and the quality fee constitute the largest parts. By contrast, the renewable fee and the CHP fee together represent only 1-2% of overall electricity cost.

These figures indicate that energy supply and network charges remain the main drivers of electricity prices in Poland. As a result, reducing electricity taxes would have much smaller effect on final prices than suggested by Eurostat data.

Figure 3. Share of different price components for households and non-household consumers in 2026.



Note 1: Business fee is a monthly fee paid to the electricity supplier to cover customer service costs. Service fee is a monthly fee paid to the distribution system operator to cover the cost of electricity meters maintenance.

Note 2: G11 tariff group is the most common tariff for households. A tariff group consists of customers connected to the high-voltage grid. B tariff group includes customers connected to the medium-voltage grid. C tariff group covers non-household customers connected to the low-voltage grid.

Note 3: Fixed fees and power-based fees were recalculated to EUR/MWh based on assumed average energy consumption profiles for each tariff group.

Source: Reform Institute based on electricity and distribution tariffs for households and non-household consumers.

Conclusions

- **Eurostat should harmonise the classification of electricity price components for all EU countries.** EU ETS allowance costs affect electricity prices indirectly through wholesale markets and should be reported as part of energy supply component rather than as a separate “environmental tax”.
- **Researchers, policymakers and stakeholders should interpret the “environmental tax” component reported for Poland as part of the “energy and supply” costs.** This approach reflects the actual structure of electricity process and provides a more accurate basis for discussion.
- **The debate on electricity affordability in Poland should focus primarily on energy supply and network charges.** Network charges already constitute 30% of household electricity bills, and this share is expected to grow, as current tariff models do not encourage consumers to be flexible. It is important to ensure that grid modernisation also considers non-wire solutions as a viable option for reducing costs. For non-household users, the key levers for lowering electricity bills would be greater integration of lower-cost renewable energy sources (RES) into the electricity supply, as well as reform of the capacity fee. ■

