POLAND’S ENERGY TRANSITION

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Poland’s coal dependence has propelled the country at the forefront of European Union efforts to decarbonise energy production, the bloc’s largest source of emissions. With climate change now a top political priority, Warsaw is coming under growing pressure to close remaining coal mines and power stations.

In this special report, EURACTIV looks at the different coal phase-out strategies adopted by central European countries and examines the social and economic implications for Poland, which has the highest share of coal in its electricity mix.
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A tale of three countries: how Czechia, Germany, and Poland plan to ditch coal

By Kira Taylor | EURACTIV.com

For decades, Germany, Poland and the Czech Republic have been at the heart of Europe’s so-called “lignite triangle” which produces most of the continent’s coal-based electricity. But with climate change now a top political priority, the priority is shifting to renewables.

UN secretary general Antonio Guterres says all OECD countries must phase out coal by 2030 at the latest in order to comply with the Paris Agreement on climate change.

The European Union’s objective, agreed by EU leaders in December 2019, is to reach net-zero emissions by 2050. That means Germany, Poland and the Czech Republic – the top three coal burners in Europe – are coming under growing pressure to transition to clean energy.

For those countries, ditching coal is no longer just an environmental argument, it is also increasingly an economic imperative. CO2 prices on the EU’s carbon market have hit historic highs in recent months, going above €40 per tonne for the first time in April after years spent languishing under €10.

This is making hard coal and lignite, the most carbon-intensive energy source, increasingly unviable economically. A recent report by think tank Agora Energiewende found most lignite units in Germany, Poland and the Czech Republic will become permanently unprofitable in the second half of the 2020s.

“The time of coal-fired power
plants are coming to an end, and many units are no longer profitable. These market trends need to be reflected in national strategies and coordinated in the countries of the coal triangle,” the report says.

However, coal phase-out strategies have been largely uncoordinated at regional or European level, with each country making decisions on their own. This is particularly visible when looking at social policy to deal with the economic and social impact of the transition.

“We’re indeed always in a situation where the policy ambition is at the European level, and the policy tools are at the national level,” says Judith Kirton-Darling, deputy general secretary at IndustriALL, a trade union federation.

“So you end up with a puzzle effect and regional disparities as a result of that, with leaders and laggards,” she told EURACTIV in an interview.

The debate about coal is not new to Germany. Hard coal there has already been unprofitable since the 1970s and has been subsidised for forty years in order to keep the lights on, says Philipp Litz, a co-author of the study from Agora Energiewende.

The question is how quickly the three countries will be able to close their coal power plants and transition to clean energy.

But simply shutting coal mines and switching to cleaner energy sources cannot happen overnight. Building new energy capacity takes careful planning and years to put in place while the transition will also have a massive social impact that need to be addressed.

That issue came to the fore recently when Poland decided to prolong coal mining in the open-pit coal mine in Turów until 2044, despite a lawsuit from the Czech Republic, which complained about the risk of pollution to drinking water supplies.

Poland’s climate ministry said its decision was in the public interest as Turów supplies lignite, or brown coal, to a nearby electricity plant, which provides around 5% of Poland’s power.

PGE, the state-run energy group running the plant, said a sudden closure of Turów, which together with the power station is a major employer, could lead to economic collapse in the province and shake “the stability of Poland’s power system”.

THREE APPROACHES TO TRANSITION

None of this came as a surprise, however. Thirty years ago, Germany, Poland and the Czech Republic were all highly dependent on coal.

Up until a few years ago, none wanted to be the first mover, but increasing environmental and economic pressure, combined with dwindling resources, has forced them to move, said Aleksandra Gawlikowska-Fyk, co-author of the report at Forum Energii, a Polish think tank.

A concern for all three countries is the security of their energy supply once coal plants are closed.

The Czech Republic and Germany are a step ahead of Poland in the transition, having both set up a coal commission to set a phase-out date and deal with the social and economic impact of the transition.

Germany has decided to phase out coal by 2038, while the Czech Republic’s decision has faced delays. Some were pushing for a 2033 phase-out, but recent changes in the government have increased the likelihood that it will adopt its coal commission’s recommendation of 2038.

Out of the three, Germany has made the most progress towards renewables, reaching 50% of renewables in its energy mix.

Czechia, meanwhile, has the advantage of having nuclear power, which doesn’t emit carbon dioxide. The country’s six nuclear reactors supplied 35.2% of Czechia’s electricity in 2019, while Germany agreed to close its last nuclear plant by 2022, making its climate objectives harder to attain.

“If Germany would have started to phase out coal instead of nuclear, this would most definitely have had a positive effect on the overall emissions of the country,” said Litz.

The social aspect of the transition is also a huge question mark hanging over each country. According to Litz, the coal phase-out in Germany is roughly in line with the retirement age of those working in the coal mining sector, but regions still need to work out what jobs are possible for

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Warsaw for instance, is developing an electric vehicle battery supply chain in Silesia, Poland’s most coal-dependent region where mining continues to play a major role in the local economy.

And with most of its electricity still generated from coal, the transition in Poland is expected to take longer than in wealthier Germany.

This month, the Polish government came to an agreement with unions to shut the last coal mine in 2049, just before an EU deadline to hit net-zero emissions by 2050. Although environmentalists decried the deal for lacking ambition, trade unions reminded that the agreement was a painful one to strike.

"Let’s remember, the scale of this is half of Europe’s coal miners today covered by this agreement. So it’s colossal. And this is really happening at pace when you compare to the amount of time other countries took to negotiate, for example in Germany,” says Judith Kirton-Darling, a former British MEP who is now deputy general secretary of IndustriALL, an international trade union organisation.

According to Kirton-Darling, the Polish mine closure deal “is a backstop plan for the workers affected” and doesn’t prevent the coal mines from closing earlier.

“You have to get people on the train, to be heading in the right direction, to then continue the process. And it could be that as we continue in our journey, that actually the train speeds up in the future,” she told EURACTIV.

At Agora Energiewende, the assumption is that the closures will happen sooner.

“2049 does not seem realistic at all and miners know it, but I think they want to keep it working as long as possible because this is something that they are still profiting from,” said Lidia Wojtal, a climate-energy policy expert at the German think-tank.

According to her, “there’s also this kind of ethos of Polish miners being the basis of energy security”. But that may be changing due to the economic crisis caused by the COVID-19 pandemic, which is accelerating the closures, she said. “We had the pandemic, which broke this kind of unity thinking about the necessity to support coal mining at all cost. People are losing jobs, losing health, and none of these groups that have been hurt by the pandemic is getting this kind of support”.

Meanwhile, the Polish government is seeking to nationalise coal plants currently owned by energy companies and put them into a so-called “bad bank” of unprofitable assets that will receive state funding until they can be put offline.

In a statement, the Polish ministry of state assets said this would enable a “gradual and long-term transformation of the power sector” by replacing coal with low-carbon and green sources.

Despite an over-reliance on coal, Poland is beginning to take steps towards cleaner energy. Electricity production from coal dropped from 90% to below 70% for the first time last year, mainly thanks to an increase in consumer solar power. Solar capacity increased from 1.5 GW to 4 GW in 2020.

The country aims for 50% renewable energy by 2030 and is currently changing the constricting “10-H” law, banning turbines from being closer than 10 times the blade height to buildings and protected areas.

Poland’s largest energy company, PGE, is already looking at renewable energy, with an increase of 3.5 GW in wind energy and 3 GW in solar power planned before 2030.

“Ultimately, the company’s business will include electricity generation from renewable sources, low- and zero-carbon heat generation, reliable network infrastructure and modern energy services. An all-out upgrade and conversion to green energy requires a huge financial, organisational, economic and social effort from PGE Group,” the company said.

Most also agree that Poland will need gas to support this transition, particularly until the early 2030s when Poland plans to open its first nuclear power plant.

But Wojtal warned that there is a risk that Poland becomes over-reliant on gas and repeats the current difficulties with coal.

She also warned against a fast transition, saying: “This acceleration is good, but if you do so much at the same time without a coherent plan, you may expect that some of the transition’s elements are not going to work at all. Some of them will be omitted, ignored, or not take into account long-term impacts on both the economy and society.”
Tensions have mounted at the Polish, Czech and German border over a coal mine in Poland that Prague says is contaminating its water supplies and has been operating illegally for over a year.

In a rare move for an EU country, the Czech Republic took Poland before the European Court of Justice in February this year for extending a mining concession for an open-pit coal mine near Turów, a Polish village just over the border.

The Czech Republic said Warsaw had violated the EU’s Environmental Impact Assessment Directive which requires transboundary consultation, and the principle of cooperation enshrined in the EU Treaty.

EU judges are now considering the case and will make a decision on the Czech Republic’s call for a temporary closure of the mine soon.

Poland’s climate ministry said its decision to extend the concession was in the public interest as Turów supplies lignite, or brown coal, to a nearby electricity plant, which provides around 5% of Poland’s power.

PGE, the state-run energy group running the plant, has also said that a sudden closure of Turów could lead to economic collapse in the province and shake “the stability of Poland’s power system”.

“There are nearly 80,000 workers and co-workers and their families whose livelihoods depend on the existence of the mine and power plant – the closure of the mine will lead to a collapse of the entire region, whose inhabitants have no real prospect of finding other job or alternative sources of income in the short term,” said Wioletta Czemiel-Grzybowska, president of the Management Board of PGE GiEK.

However, these claims have been questioned by campaigners, who say only 3,536 people were employed at the Turów lignite mine and power plant in April 2021. While the population of the region at the end of 2019 was 89,200 people, only 6% are employed at the Turów complex, statistics show.

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Critics have also queried PGE’s claim that the Turów power plant provides “up to 7%” of Poland’s electricity, saying the number was more like 3% in 2019.

“Polish citizens are afraid they could lose their jobs from one day to the next. That is the message that is being circulated on the Polish side,” said Petra Urbanová, a Czech lawyer involved in the case.

HEAVY HISTORICAL BACKGROUND

The dispute over Turów has also brought to light the region’s tumultuous past.

The mine has been in operation for a century and has a heavy historical background. Originally a German mine, it became Polish when the borders shifted after the Second World War, although it still served a German power plant. A power station was later built on the Polish side and a new unit was planned to come into operation in 2020, meaning the site required more coal.

Germany has several weeks to join the Czech case but has kept a low profile in the dispute. Relations with Poland are already tense because of the Nord Stream 2 gas pipeline project which is vehemently opposed by Warsaw, and German politicians are reluctant to pour further oil on the fire.

Berlin’s cautiousness has left the Czechs alone in their fight against the extension of the mine’s license. In addition to environmental concerns, Czech politicians and environmental NGOs have pointed to violations of EU law requiring regional consultations to take place before extending the mine’s operations.

A report on the regional impact of Turów on neighbouring countries was commissioned in 2015. But when the study was done in 2018, it did not include all the environmental aspects that the Czechs and Germans had been asking for.

While PGE says cross-border consultations between Poland, the Czech Republic and Germany lasted several years, critics say the information provided was insufficient.

Last year, Prague brought its concerns to the European Commission for an arbitrage. In December, after having heard from both sides, the EU executive partly gave reason to the Czechs, saying Polish authorities had “incorrectly applied” two directives – one related to environmental impact assessments and another on access to information by the public and member states involved in transboundary consultations.

However, the Commission said that infringements alleged by the Czech Republic on the impact on its waterways were unfounded, based on the evidence provided.

Campaigners say this left Prague with no choice but to take Poland to court – the first time an EU country has sued another on environmental concerns.

“I was trying for a long time to solve this dispute without squabbles before the court,” said Czech Foreign Minister Tomáš Petříček whose proposal to sue Poland was approved by the government on 21 February.

Poland’s PGE, for its part, denounced a “predatory campaign” by the Czech government, which “will cause a disaster for the entire Polish region” and its inhabitants whose livelihoods depend on the mine. The company said it answered thousands of queries during cross-border consultations and is constructing an anti-filter screen into the mine’s drainage system to avoid water pollution.

FAILURES IN EU REGIONAL COOPERATION

Contacted by EURACTIV, the EU executive said it offered assistance in the matter and is currently waiting for the judgement from the European Court of Justice.

“The Commission encouraged dialogue between the member states and offered assistance. However, it is for the Member States themselves to decide, if they wish to solve disputes by engaging in negotiations or by employing the legal path before the Court of Justice,” Commission spokesperson, Vivian Loonela, told EURACTIV.

Still, people are looking to the European Commission to step in.

“Turów, without doubt, violates European law. The excavators should have stopped a long time ago, and it is a huge mistake on the part of the European Commission that this has not happened yet,” said Czech MEP, Mikuláš Peksa.

Trade unions, for their part, point to failures in EU regional cooperation, suggesting the matter was not properly addressed at European level.
‘JUST TRANSITION’

Poland, in the meantime, has brought the dispute to a different level, saying the Czech Republic’s request to halt mining operations in Turów is in contradiction with the “just transition” principles of the European Green Deal.

“The request for the immediate closure of the Polish mine calls into question the credibility of the assurances of European solidarity and the fairness of the transition, which is necessary but must be carried out in a planned and staged manner,” PGE says in a special website dedicated to Turów.

Last year, EU legislators agreed on a Just Transition Fund with €17.5 billion of fresh money to help regions wean themselves off heavily-polluting industries, such as coal and peat.

While Poland is expected to be the fund’s top beneficiary – alongside Germany – the dispute over Turów, and Warsaw’s reluctance to decide a coal phase-out date, could delay disbursements.

“We hope that no region and local community will be left behind and the Commission will confirm the possibility to address via the just transition fund the negative effects of the ongoing transformation also for the Turów surrounding area,” said Małgorzata Babska, spokeswoman of PGE Group.
The Turów coal mine and power plant complex is "strategic for ensuring the energy security of Poland," says PGE, the state-owned enterprise at the centre of a dispute with the Czech Republic over the extension of mining operations there.

In a rare move for an EU country, the Czech Republic took Poland before the European Court of Justice last February for extending mining operations at an open-pit coal mine near Turów, a Polish village just over the border.

Environmentalists who backed the case warned that Czech people are losing access to safe drinking water because of coal mining there.

EU judges are currently examining the complaint and could order temporary closure of the mine.

With a ruling expected anytime soon, Poland fears its electricity supplies will be put at risk.

The Turów mine and power plant are responsible for approximately 5% of national energy production, supplying electricity to around 2.3 million households, PGE says.

A potential shutdown would "obviously shake up the Polish energy system, which will not be able to quickly replace the decommissioned generation capacity," PGE told EURACTIV in emailed comments.

But analysts say a bigger risk is looming on the horizon. Coal power generation has been declining steadily across Europe over the years as plants came under growing pressure from rising CO2 prices on the EU’s carbon market.

According to Zachmann, the steady rise in carbon prices means “the market will kill coal potentially already this decade.”

ENERGY RESTRUCTURING PLAN

As Poland last week approved an extension of Turów’s mining licence until 2044, campaigners have warned about the opening of a new 496-MW power plant unit in Turów, which was due to start operations on 30 April.

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PGE says the new unit will be a “state-of-the-art facility” to replace the three oldest and most polluting units, but activists argue this is not good enough, in view of the climate crisis and the expected further rise in carbon costs expected with Europe’s tougher climate goals.

“All power production from coal in the EU must stop by 2030” in order to keep within the 2°C warming limit of the Paris Agreement, said Elif Gündüzyeli, a campaigner at Climate Action Network (CAN) Europe.

“Prolonging the coal mining activities until 2044 and adding a new lignite power unit to start operating now, which is also to be paid from citizens’ pockets, is outrageous,” she added, saying coal power production is a “dying business”.

In Poland, however, the coal exit is expected to take longer than in other EU member states.

The country still relies on coal for 70% of its electricity, the highest share among EU countries. And even though Warsaw has big plans for wind, solar, nuclear and gas, PGE says replacing all its coal-based units with clean electricity is a colossal endeavour that will take until 2050 to complete.

Energy security remains a chief concern for Poland, which has sought to create a safety net for coal plants to remain as a backup source of electricity during the transition. In April, the ministry of state assets proposed a restructuring of the country’s energy sector by nationalising coal units and using public money to keep them alive until they are eventually put offline.

Under the plan, 70 lignite coal units, which generated more than half of Poland’s electricity in 2020, will be purchased by the state and handed over to a single state-run National Energy Security Agency (NABE).

“NABE will be a fully self-sufficient entity that will, on the one hand, guarantee energy security, and, on the other hand, a sustainable transformation” of the Polish electricity system, said PGE.

“It will only conduct investments and modernisations necessary for the ongoing maintenance of the efficiency of the operated coal-fired units, not building new ones and gradually phase out coal-fired units,” the company told EURACTIV in emailed comments.

‘BAD BANK’ FOR COAL ASSETS

The restructuring plan, which has not been finalised yet, will require approval from the European Commission under the EU’s state aid rules.

But analysts say the draft is incompatible with the bloc’s climate goals and is unlikely to be approved by EU competition regulators.

“The only way for it to get a green light from Brussels would be to set a coal exit date sometime in the 2030s,” said Paweł Wiejski, EU climate policy researcher at the Warsaw-based Green Economy Institute.

Earlier this month, the Polish government signed off an agreement with trade unions to shut the country’s last coal mine in 2049, just before an EU deadline to hit net-zero emissions by 2050.

However, observers believe this may be too late and incompatible with the EU’s climate goals.

Indeed, the newly created National Energy Security Agency (NABE) is supposed to be aligned with Poland’s updated energy policy presented earlier this year, which assumes very high shares of coal in the electricity mix by 2040, said Paweł Czyżak, an analyst at Warsaw-based think-tank Instrat.

“These levels of coal generation would compromise the GHG-55% climate targets for the whole EU,” he said, adding that the plan “aims only at a prolongation of financing coal capacities in Poland with EU money”.

Still, Czyżak said the very fact that Poland decided to create a “bad bank” for coal assets is significant. “The government finally admits that this industry is a burden for the future of Poland’s energy system,” he said.

To be fair, Poland is not alone to struggle with its coal exit plans. Czechia, another top coal burner in Europe, has not yet decided on a coal phase-out date, with some in the government pushing for a 2033 exit and others preferring a later 2038 date.

In Germany, meanwhile, the government painfully agreed 2038 as the coal exit date last year, a target which environmentalists say is too late and provides overly generous aid for coal companies during the transition.

In March, the European Commission opened an in-depth investigation into Germany’s coal phase-out plan, saying it had doubts about a planned €4.35 billion compensation scheme for German energy and mining companies.

For Bruegel’s Zachmann, these different plans show that the coal phase-out strategies of Germany, Poland and the Czech Republic are “more lifelines to the coal industry than plans to speed up the phase-out.”
European trade unions welcome ambitious EU climate policies, but warn that they need to be implemented alongside an equally ambitious social transition plan or risk sowing the seeds of a backlash, says Judith Kirton-Darling.

Judith Kirton-Darling is Deputy General Secretary of IndustriALL Europe, an international trade union federation.

The coal phase-out in Europe is gathering pace, many countries are pushing forward their coal exit dates. Overall, how is Europe faring when it comes to managing the social fallout of the coal phase-out, both at EU and national level?

There has indeed been an acceleration of the coal phase-out in Europe, which is due partly to climate policies and partly due to the economy, including the COVID-19 crisis. All of this means we’re heading for a coal phase-out across the whole of the European continent.

How is this managed? Well, there are certainly good examples in Spain and Germany where coal commissions were set up and included a just transition framework. These have allowed a negotiated agreement to emerge, which included

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the social partners and strong collective bargaining to ensure social acceptance.

At IndustriALL, we measure these processes against the guiding principles adopted in 2015 at the ILO. And those principles say a just transition is about creating quality jobs, about balancing the economy, the environment, and the social dimension, as well as avoiding situations where workers feel that they’re being talked about without being involved.

At the moment, I’m not going to lie to you, it is really intense. As a trade union federation, we are trying to support our affiliates in different countries who may be negotiating sometimes at the national level, the regional level or at company level.

And at the same time, we try to ensure that these principles of just transition are mainstreamed into the European policy, including the pandemic recovery plans or the upcoming just transition territorial plans, which will deal with more than 100 regions across Europe.

So there are multiple layers to the coal phase-out in Europe, and they all impact on each other.

Obviously, I think the speed of the coal phase-out in, particularly in central Eastern Europe is very influenced also by the European Green Deal, including the emergence of the just transition mechanism and fund.

And our red lines throughout these policies is to ensure worker participation, social justice, and good jobs for the workers involved.

You mentioned Spain and Germany as good examples of negotiated coal phase-outs, do you have also counter-examples that should not be followed?

The cautionary tale is in the northeast of England, where the British coal phase-out from the 1980s onwards was pretty brutal. And the experience of the British coalfields has definitely played out in all the different negotiations in other countries – people are very aware of the long shadow in terms of socio-economic impacts of bad management, for example when it comes to depopulation in those regions.

In Spain, by contrast, policies on depopulation are mainstreamed within the ministry of ecological transition.

At the moment, we’re evaluating the development of just transition territorial plans across Europe. And our very basic view so far is that there is very poor involvement of trade unions in some regions. In many countries, the involvement is quite superficial, whereas the depth of this transition demands, good quality, meaningful dialogue.

Social policy at EU level is managed at the national level, it’s not an EU competence. Overall, do you believe there has been enough coordination between EU regions and countries in order to manage the social policy dimension of the transition?

We’re indeed always in a situation where the policy ambition is at the European level, and the policy tools are at the national level. So you end up with a puzzle effect and regional disparities as a result of that, with leaders and laggards.

That’s why we emphasise the Spanish and German coal commission as good examples, to try and inspire others as much as possible.

There are definitely big issues specific to central and Eastern Europe, where jobs in the coal industry tend to be relatively good quality jobs. And we have in many countries, effectively a low wage trap, where investments in new industries have been built around low pay.

That means the transition to new jobs is very difficult because coal industry jobs pay better. And we hear this when it comes to jobs in the renewable energy industry. That has been the case historically in other member states, I remember this was an issue a decade ago in Germany where jobs in the wind industry were more precarious than jobs in well unionised sectors.

That story has slightly shifted in countries like Spain and Germany. But there’s still that that issue in central and Eastern Europe.

Now, your point about lack of social policy competence at European level is true. But that’s where the action plan on the European pillar of social rights is really important. And particularly initiatives like the European minimum wage, the promotion of stronger collective bargaining, benchmarks at European level, and so on.

This is about the quality of jobs, and it will have positive feed-ins into the job creation that is necessary to support the coal phase-out.

UN secretary general Antonio Guterres has urged OECD countries
to end coal by 2030 at the latest in order to fight climate change. Do trade unions support this? What would be the social implications of this? Are they well understood?

At the moment, there is no consensus among our affiliates, about specific coal phase-out dates. Where there is an enormous consensus however is about the need for ambitious climate action.

That might sound slightly contradictory. But it’s partly because within the trade union movement, we’ve moved beyond the conversation about whether the coal phase-out should happen into a conversation about how we deliver it socially.

And how the social impact will be felt, either positive or negative, will be directly determined by negotiations around the phase-out date.

We are extremely sceptical of situations where you set a target, and you assume that the social dimension will be rectified in a kind of natural way without any intervention.

There’s an automatic assumption in climate policy, that it’s right to intervene into the market to achieve climate outcomes. And sometimes there isn’t the same logic when it comes to the social aspects.

As a trade union organisation, we are fully signed up to climate neutrality by 2050, on the condition that there is that social transition alongside. And that was the promise of the European Green Deal that was made by Commission President Ursula von der Leyen and executive vice-president Timmermans.

The social management of change is a moral duty for politicians. And let’s be honest, this is not rocket science. It’s about basic anticipation of change, working out where are the people affected and developing transition pathways for them in negotiation with the unions to ensure social protection systems are in place to catch anybody who falls between the gaps.

So we welcome strong, ambitious climate policy, but not without a comprehensive view of how you’re going to deliver the just transition. Politicians at every level need to understand: we need climate ambition, but we need that social pillar alongside. That’s what we as trade unions have been advocating now for decades.

That means coal phase-out dates will vary depending on the outcome of social bargaining in the different countries or regions, not because of the climate emergency?

That is the current reality of amongst our members, yes. The scale of the challenge in different across regions and countries, and people have different resources to manage the transition.

If you think about the magnitude of the challenge in Poland compared to somewhere like Slovakia, it’s a different scale. So I think we have to have to see the direction of travel and aim to be as ambitious as possible in climate terms as well socially.

And I believe that with more social ambition, the climate ambitions will also become higher. Because you get buy-in, people feel secure in the transition, and you reduce the anxiety about change. And that allows change to come quicker.

Here’s a concrete example, we heard in the Just Transition Platform. In Poland’s East Wielkopolska region, there is a coal company called ZEPAK, which has about 4,000 workers. They have adopted a plan to phase out coal by 2030, and possibly even before. The local unions and the management have written to the Polish government saying, "we can go quicker if you give us the social support to ensure that it’s a fair transition for the workers".

So the appetite is there, that’s not the question. But people need the security of managing this transition. And coal is just one sector because the transition is happening across the whole economy, all at the same time. This is enormous change that we’re asking people to embark on, in one generation.

So we need to provide some security for workers so that it’s not just a leap into the dark that people are being asked to make. Workers need more than just investment forecasts, they need to see concrete new jobs being created today.

Days ago, the Polish government and miner’s unions signed off on a plan to phase out coal mines by 2049. Is that sufficient with regard to the climate crisis?

2049 is the last mine closing. If you look at the timeline of the initial agreement struck in September, you will see that the majority of coal mines are scheduled to close a lot earlier than 2049. And if you look at the demographic pyramid in the coal mining sector, it’s basically accompanying the last miners to the
last mine in terms of working life.

Like I said, people are starting in different places. And politics matters in this. And what is unbelievably striking for us is the speed of the shift in the discussion in Poland. Only in 2018, [Polish President Andrzej] Duda said there would be coal mining for 200 years in Poland. And then, in September last year, unions signed up to a deal that coal mines will close by 2049.

This is like a 180 degree shift in terms of the politics of the discussion in Poland. And we’ve seen that shift inside the unions as well. I think climate is part of the mix but it’s not the only issue. It’s also the economics of the coal sector coming into play.

Now, there is a deal between the government and trade unions in Poland to close the last coal mine by 2049. And let’s remember, the scale of this is half of Europe’s coal miners today, covered by this agreement. So it’s colossal. And this is really happening at pace when you compare to the amount of time other countries took to negotiate, for example in Germany.

So for us, it is really important as a starting point to recognise that shift. On the other hand, as I said, we are committed to climate neutrality by 2050. All member states have to play their part in that.

And in our view, this coal phase-out deal in Poland is a backstop plan for the workers affected. Once you’ve got that in place, then it provides that security, and it allows things to evolve further. It doesn’t mean that the plan will remain the same from now until 2049. But it provides a framework for negotiation and a backstop for the people who are affected and security to engage in the direction of travel.

And I think sometimes that’s forgotten when talking about climate action. You have to get people on the train, to be heading in the right direction, to then continue the process. And it could be that as we continue in our journey, that actually the train speeds up in the future, in common agreement between the two sides of industry.

Things can evolve and change, you know, the world isn’t static. But getting people onto the train is massive. And I really hope that that will be acknowledged for the significant step that it is.

And Poland is an important signal in central Eastern Europe but also outside Europe. If we can’t deliver a just transition in Poland, then there are real challenges for governments elsewhere in the world to deliver just transition elsewhere in coal heavy countries. So there’s a lot riding on these negotiations.

In Europe, Germany, Poland and the Czech Republic are still planning to keep coal well beyond 2030. And for the time being, Poland does not yet have a firm coal phase-out date. Is this because workers in those countries are more reluctant to the clean energy transition than elsewhere in Europe?

The simple answer would be to say no: the world is made up of greys, not black and whites. The European trade union Institute (ETUI) did a study looking into union strategies in relation to climate change. Some have taken a leading role on climate action, while others have been hedging their bets and others have been more resistant. And so, yes, there are different positions within trade unions.

But I wouldn’t say that longer coal phase-out dates are due to union reluctance, to be honest. I think it’s far more complex, with a mixture of politics at national level, the role of employers, and the positions of other economic actors. And then the unions are in that mix as well.

If you take Poland, and think about the scale and pace of change which is underway, it’s massive. Let’s say 2049 becomes their coal phase-out date, this means they will have 30 years to end coal. Now, compare that to countries like Belgium, Northern France, or the UK – the process started in the late 40s or 50s. So actually, the speed with which they’re attempting to make the transition is relatively quick in comparison to other countries.

Think about Silesia and the development of the electric vehicle battery supply chain there. This involves long term economic planning, it doesn’t happen very quickly. So I think the length of time and the phase-out dates actually are a reflection of all that.

The European Union has put together a Just Transition Mechanism, with a dedicated €17.5 billion fund that will be complemented by national support schemes for coal regions in transition. Overall, the European Commission claims this will help mobilise at least €150 billion over the period 2021-2027 in the most affected regions. Do those
numbers add up, according to you?

To start with, the €150 billion figure is a forecast. And we will wait to see if that materialises.

I think it’s worth saying that just transition isn’t necessarily cheap. And although €17.5 billion can sound like a lot of money, what the European Commission put on the table in May last year was €40 billion.

And that €40 billion is an interesting figure. Because it corresponds exactly to the figure that Germany put on the table as part of its own coal commission.

In addition, the just transition fund was meant originally to cover only coal regions, which is about 40 regions across Europe. But it’s now been extended to carbon intensive regions, as well. So we’re talking about more than 100 regions across Europe that qualify as potential recipients for this pot of money.

So it’s clear the scale of financing at European level still doesn’t match the scale of the challenge at European level. And I think the people involved in the European Commission recognise this as well.

That said, you need to see the whole European budget and recovery plan as a series of combined proposals. If the just transition fund is seen as the main vehicle for financing support to the coal phase-out, then it is just too paltry.

But if there is clever articulation between the national recovery plans, the cohesion funds, the Regional Development Fund, and the just transition fund together, then you can start to see how those funds can really have an impact.

if I take a historic example, going back to where I’m from, in the northeast of England. It was really in that brutal closure of the pits in the 1980s and 1990s that the European Union filled the funding gap that was left by central government. Equally, in cities like Manchester and Liverpool, those European funds used in a clever articulated way, actually promoted economic diversification, regeneration and the creation of new jobs.

So the just transition fund is part of the mix, and I campaigned for it when I was an MEP in the European Parliament. But it’s not a silver bullet. And it has to be seen in articulation with other funds.

In central and Eastern Europe, there is a real challenge about how to draw in Foreign Direct Investment to support the transition. Because the danger is that lots of the investment in the green transition will flood into regions which are leading the green transition. And the difficulties of drawing investment into regions which desperately need the transition will become all the more difficult.

And so there’s a real importance here of connecting up the dots with work in the European Bank for Reconstruction and Development and the OECD about the quality of FDI flows and ensuring that those investments are supporting green transition and quality jobs.

Because if the jobs that are created are poor quality low-paid jobs, then you are sowing the seeds for a backlash against the whole strategy.

So the just transition fund is vital for us. But we need to have an investment policy agenda, particularly in central and Eastern Europe, to ensure that the €150 billion that the just transition mechanism will attract is quality investment, creating good quality jobs for people.

Let’s talk about regional cooperation now. Last year, Poland decided to extend mining activities in the Túrow coal mine near the Czech border, despite warnings from Prague about the environmental consequences, including pollution of drinking water supplies. The Czech Republic has now referred the case to the European Court of Justice. What lessons do you think can be drawn from this? Has international or regional cooperation been lacking in this case?

Túrow is a case study on the limits and weaknesses of international cooperation. This is exactly why European cooperation in the fields of environment, energy and climate is so absolutely crucial. Because what happens on one side of a border has an impact on people living on the other side. This is why the European Union has a real raison d’être in the 21st century. And it’s really a tragedy that it’s got to that point.

We’re not involved in the details of the case, but I would remind that we are all bound by our commitments to the UN Sustainable Development Goals. And the SDGs include clean water and insuring environmental protection. So I think it’s a shame that the European Union as a forum for dialogue hasn’t been
adequate enough to solve the conflict as this point. But this is what the European Court of Justice is for, it’s the final arbiter of disputes between member states in the Union. I just think it’s a tragic story, really.

Ordering an immediate closure of the mine would also be dramatic for the workers potentially affected. And this is something the judges will have to consider as well, I suppose.

They will have to weigh up the whole context. There will be damage either way, I’m afraid. If there is a decision to close the mine, that doesn’t preclude the fact that there needs to be a negotiated dimension to the closures.

But I can also see the point from the Czech side of the border. So I think there is a public interest in both cases. Ultimately, it’s a good example which demonstrates that an environmental question has deep-seated social impacts which can’t be separated. It makes the case for a more holistic policy approach.
Only a Green Deal that is just, based on solidarity and sensitive to the differences between EU countries has a chance of success. Otherwise, we will see a predatory transition and the failure of the whole project.

“We need to show solidarity with the regions in Europe most affected by the transition, such as the mining regions, so that the Green Deal gains widespread support and has a chance to become a reality” – the words spoken by Frans Timmermans, Executive Vice President of the European Commission, which followed the establishment of the Just Transition Mechanism, permanently defined the nature of the most ambitious climate project in European history.

A responsible approach to energy transition is extremely important not only from the perspective of individual national economies, but first and foremost from the perspective of individual businesses. They are the ones facing the enormous challenge of transition that lies at the heart of the Green Deal.

Poland, where the complete phase-out of coal will take place within 30 years, is definitely one of such economies. The key role in the decarbonisation of the Polish energy sector will be played by PGE Polska Grupa Energetyczna, the country’s largest power producer with a market share of 40%. Ultimately, the company’s business will include electricity generation from renewable sources, low- and zero-carbon heat generation, reliable network infrastructure and modern energy services. An all-out upgrade and conversion to green energy requires a huge financial, organisational, economic and social effort from PGE Group.

In commencing the transformation, the company has already adopted a new strategy that will enable it to achieve 50% share of renewable energy in its portfolio by

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2030, and to become fully climate-neutral by 2050. By 2030, the PGE Group intends to build offshore wind farms with a capacity of 2.5GW, photovoltaic farms with a capacity of 3GW and to increase its onshore wind energy portfolio by 1GW.

The implementation of PGE’s ambitious strategy will allow for a fundamental transition of Poland’s power landscape. To better illustrate the scale of this challenge, 2.5GW of the planned offshore wind energy capacity is equivalent to half of the generating capacity of Belchatów, the largest conventional power plant in all of Europe. The estimated cost of this investment is over EUR 7 billion. The development of offshore projects is the top priority for PGE and an opportunity to decarbonise the Polish economy effectively. By investing in renewable technologies, the company will reduce its CO2 emissions by 120 million tonnes by 2030. However, for this to happen, it is critical that the scale of the energy transition in Poland is fully appreciated and assistance is provided by the European Commission (EC).

A FAIR GREEN DEAL, NOT A PREDATORY TRANSITION

For the European Green Deal to succeed, it must be just and implemented with a sense of solidarity and according to commonly agreed principles. Otherwise, the transition will be predatory and the whole project will inevitably fail.

The Czech government’s international campaign against the PGE Group’s Turów energy complex may lead to such conclusions. The Czech government’s demand for the closure of the mine and its complaint to the CJEU challenge the fundamental assumptions of just transition, carrying a serious risk of the collapse of the Polish power system, as well as the collapse of the entire Polish region neighbouring the Czech Republic and Germany.

The threat of a sudden shutdown of an energy complex that supplies up to 7% of energy consumed in Poland, supplied to 3 million households, raises questions about European solidarity. In practice, the closure of the mine will also mean shutting down the Turów power plant and, as a result, threatening the existence.
of up to 80,000 Polish citizens who will lose their livelihoods.

The proceedings pending before the Court are a consequence of the Polish Ministry of Climate granting a mining concession to Turów in 2020. The concession extends the mine’s operation and is compliant to Polish and European law. Cross-border consultations between Poland, the Czech Republic and Germany lasted serval years.

The Czech complaint filed with the CJEU may prove that national interests are placed above the arrangements developed as part of the European Green Deal. This results in unjust treatment of the Polish lignite mine in Turów, whose environmental impact is incomparably smaller than that of the much larger sites still in operation in the Czech Republic and Germany.

**PUBLIC ACCEPTANCE AND SUCCESS OF THE GREEN DEAL AT STAKE**

The implementation of the Green Deal requires huge capital expenditures and long-term plans to upgrade the power sector. These plans must take into account the different national energy development models and the feasible pace of just transition. According to the European Commission, it should be completed in a safe and just manner for the affected regions bearing in mind significant differences between them.

The complaint against the Turów power complex could dangerously destabilise the Polish national power system if the strategic coal reserve designed to ensure energy security were to be eliminated before stable low-carbon base-load generation sources start operating. This might trigger a ‘shock therapy’, i.e. a rapid shift of energy transition costs directly onto the sector’s employees and their families, an outcome all too familiar to the Polish mining sector which suffered similar consequences in 1990. This could undermine Poland’s efforts to gain broad public acceptance of and active participation in the Green Deal.

Today, Polish citizens expect decarbonisation and energy transition even though broad public support for such notions was not at all obvious only a few years ago. PGE Polska Grupa Energetyczna has planned its transition with a commitment to meet the expectations of its customers, who want to live in a clean environment, enjoy energy security and pay acceptable energy prices.

If the European Commission does not lose sight of the common climate target shared by all Member States, PGE Group has a real chance of becoming an energy transition champion in Poland and contributing significantly to the target emission reduction across the European Union.