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ENERGY TRANSITION: AMBITIOUS ENOUGH?

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Europe needs to decarbonise its economy in order to meet its Paris Agreement obligations, but how ambitious are its plans for an energy transition?

At the 4th annual EU Energy Summit on 12 April, the bloc's top policymakers, politicians and industry leaders gathered in Brussels to debate Europe's energy strategy, with panels on geopolitics, renewable energy and storage solutions, among others.

While the EU is mostly in agreement that the energy transition must happen, there is a split over what level of ambition is appropriate to get the job done.

EU negotiators are still locked in fierce talks about the bloc's energy pathway up until 2030 and are soon due to sit back down to try and broker agreements on areas like renewable energy and energy efficiency.

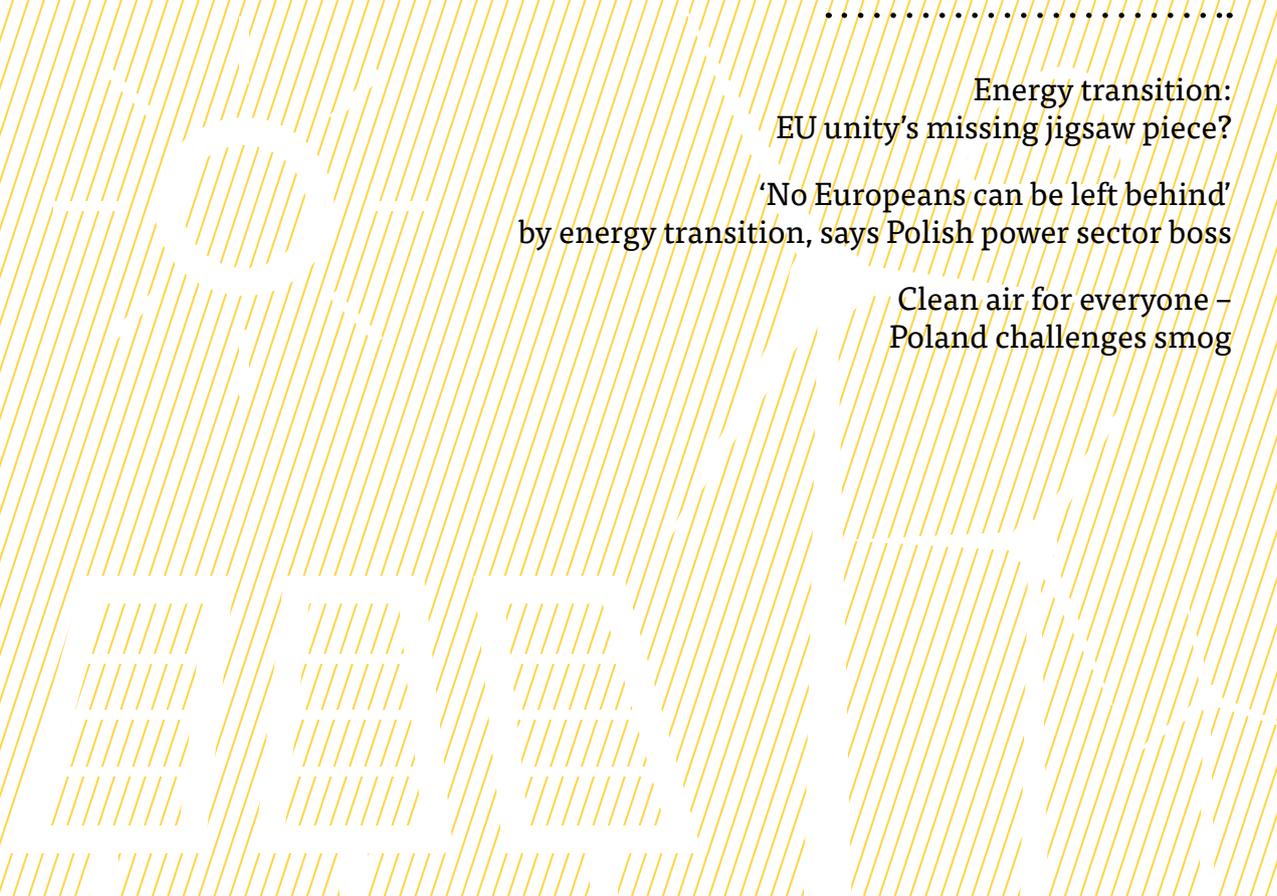
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Energy transition: EU unity's missing jigsaw piece?

By Sam Morgan | EURACTIV.com



EU energy ministers meeting in Sofia for an informal summit on the bloc's future targets. [EU2018BG]

Decarbonising Europe's economy and meeting the targets of the Paris Agreement are among the EU's main priorities. Depending on the level of ambition and the course the EU energy policy ship takes, the result could be either a more united or divided continent.

At the 4th annual EU Energy Summit in Brussels last week (12 April), all the movers and shakers of energy policy were in agreement on at least one point: the EU's necessary shift to a low carbon economy has to be fair and include everybody.

But one country's ambitious energy policy is another country's unfair transition, as every member state has its own economic, societal and geographical factors to take into

account. These factors have to be balanced with the drastic need to cut emissions and tackle climate change.

That is why figures like EU climate boss Miguel Arias Cañete and European Parliament energy committee chair Jerzy Buzek acknowledge that getting the legislation right will affect how united member states are around a successful energy transition.

In his keynote speech, Cañete warned that an increasingly "fluid and uncertain" geopolitical situation both inside and outside the EU, indirectly referring to Russia, could slow down Europe's decarbonisation efforts.

Faced with these challenges, the Spanish Commissioner insisted that unifying Europe around an ambitious energy policy is more urgent than ever, calling on member states and the

Parliament to remember that as talks on the Clean Energy Package for 2030 continue.

An informal energy summit in Sofia on Thursday (19 April) was the last attempt to try and unlock talks between member states and EU institutions ahead of a new round in May. But several national capitals are still unwilling to compromise.

MONEY MAKES THE DIFFERENCE

Ditching carbon-intensive energy sources means increasing renewable energy capacity and energy efficiency measures. EU negotiators are currently locked in trilateral talks on both files

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and sources have told EURACTIV that little headway has been made in the previous two sessions.

Spanish MEP José Blanco López, who is the Parliament's lead man on renewables, hopes to convince his Commission and member state counterparts to back 35% rather than 27%. At Thursday's summit, he warned that "decarbonisation is a duty, not just an option".

The Socialist and Democrats lawmaker also cited a recent report by the International Renewable Energy Agency (IRENA) which concludes that a target of 34% is cost-effective, echoing recent statements by the Commission, which is also in favour of raising ambition.

That is because its 2016 Clean Energy Package renewables target of 27% was based on analysis dating back to 2014 and a recent fall in renewable energy prices has moved the goalposts.

The head of the Commission's energy directorate, Dominique Rostori, acknowledged that "the situation is completely different, we could not have predicted how much prices would fall", suggesting the Parliament may have an ally in the ongoing negotiations.

PROOF IN THE PUDDING

Renewable energy success stories continue to emerge across Europe as a result. The Netherlands is set to open the first subsidy-free offshore wind farm, Scotland had a record-breaking year in 2017 and Bosnia made its first foray into wind power.

Countries and companies previously associated with fossil fuels are also taking the plunge into clean energy. Poland may still rely heavily on coal but it is on the face of things seeking to readdress that by moving into wind power.

Polish transmission system operator PSE insists that the country

could tap into 8GW of offshore wind and that 4GW could be exploited by the end of the next decade. Perhaps surprisingly, Poland already ranks seventh in the EU in terms of wind capacity.

But Joanna Flisowska of Climate Action Network (CAN) Europe warned that these "positive plans concern the distant future and should not hide the fact that what is happening now is severely undermining the prospects of the renewable energy transition in Poland."

One of the main reasons behind Poland's continued use of coal is the alleged societal cost of phasing out the fossil fuel and resulting job losses. But around 12,000 jobs could be created by just offshore wind, meaning with enough investment, employment could be guaranteed.

For countries like Poland, as well as the Czech Republic and Greece, shifting away from fossil fuels could mean reaping numerous advantages, including better air quality, future-proof jobs and reduced health bills. But it is clear that that is not going to happen overnight.

Norwegian energy giant Statoil, which is rebranding itself as Equinor to illustrate its shift of focus away from the extractive business, is also investing in projects like the world's first floating wind farm off the coast of Scotland.

But successes are not always what they appear. Portugal recently generated more than 100% of its power needs from clean energy. However, the Iberian peninsula's continued isolation from the rest of Europe means that a true Energy Union is still an unfulfilled goal.

LEVEL POLICYMAKING PLAYING-FIELD

Energy policy is no different from any of the EU's other competences and setting EU-wide targets is challenging. Every member state differs when it

comes to topography, energy demand and economic situation.

That is why member states are asked to come up with their own national climate and energy plans so that targets can be set accordingly. That process is not without its critics though, as starting points have garnered criticism, particularly in laws like the Effort Sharing Regulation.

The youngest EU members Bulgaria, Croatia and Romania appear to be the bloc's star pupils as they met their 2020 renewable targets nearly five years ahead of schedule. But critics insist that only shows the benchmarks should have been higher to encourage more investment in the first place.

Member states are currently in the process of drafting their set of plans for the next decade and Energy Union boss Maroš Šefčovič recently urged governments to "do their homework" and submit them on time.

Some national capitals have already indicated the direction in which they will go in the next decade, with Belgium revealing nuclear power will be phased out and Finland confirming it will ban coal power by 2030.

Energy policy up to 2030 has now firmly reached the business end of things and three Clean Energy Package files could become law under the ongoing Bulgarian Presidency. Further progress is likely to be made under the Austrians, who will take over in July.

Time will tell whether the path determined by those laws will be totally fair on all member states but as more and more evidence of the negative effects of climate change emerges, it is clear that energy policy will have to be effective to help the climate.

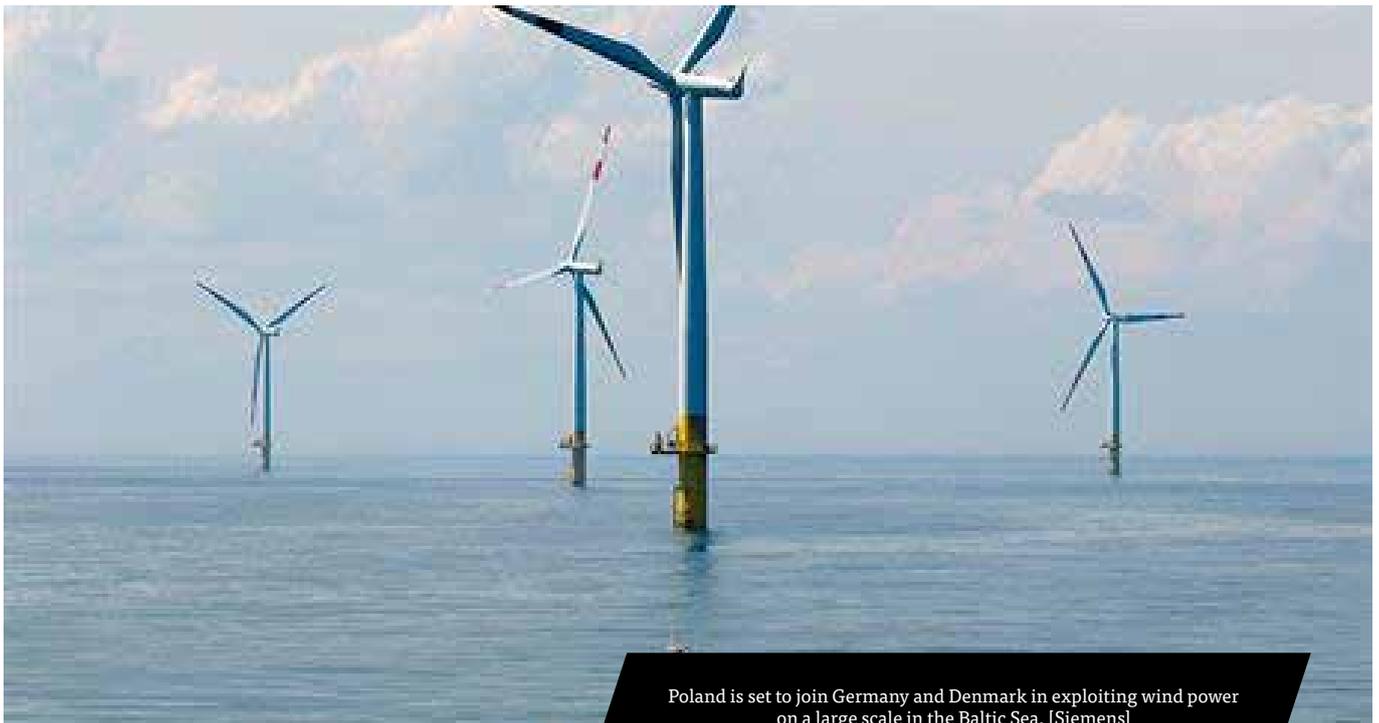
INTERVIEW

'No Europeans can be left behind'

by energy transition, says Polish power sector boss

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By Sam Morgan | EURACTIV.com



Poland is set to join Germany and Denmark in exploiting wind power on a large scale in the Baltic Sea. [Siemens]

Europe's energy transition is well under way but every EU country differs in terms of energy mix, economic situation and natural resources. So how fair is the energy transition on countries like Poland,

which have a somewhat negative image when it comes to fossil fuel use?.

EURACTIV spoke to Paweł Wrobel, the director of the Polish Electricity

Association's (PKEE) Brussels office, on the sidelines of the 4th EU Energy Summit on 12 April.

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Is there an east/west divide in the power sector in Europe?

I actually wouldn't say that the power sector is divided geographically in this way. The real division is on how the power sector sees the future, which investments they are focused on, whether it be nuclear, renewables, conventional gas or the extent to which fossil fuels, including coal and lignite, are relied upon. Luckily, there is more of what unites the European power sector than what divides us – mainly rapidly growing role of electricity thanks to electrification of other sectors, for instance transport. The future is electric and this trend is irreversible.

So the division is really about what kind of energy transition there should be?

Yes, and what I heard today [at the 4th EU Energy Summit] from Commissioner Cañete and Jerzy Buzek [head of the European Parliament's energy committee] reinforces the view that the energy transition must unite Europe not divide it. It needs to be win-win for all member states and all power sectors. It really is a case that no Europeans can be left behind.

Poland has this image of being reluctant to move away from fossil fuels but what do its plans for energy transition actually look like?

Poland is keeping all options open. One of them is investment in wind and it's important to remember that we are the seventh biggest wind market in Europe with around 6GW of installed capacity. It shows that the Polish power sector is turning green. But the role coal and lignite play in our energy mix is significant and we need to take into account all the economic and social factors. For the energy

transition in Poland to be successful, it needs to be realised in a cost-efficient and sustainable way.

What kind of progress has been made in a sustainable shift away from coal? European targets, air quality, public opinion, mean that this is going to have to happen.

Power generation from coal and lignite is about 80%, while renewables is about 20%. Not so long ago it used to be almost 100% from coal and lignite. It has been a huge effort to invest in the kind of modernisation that is already happening.

Is that effort appreciated by other member states? Do you think the issue of 'starting points', which are used to create targets for EU members, are fair and create a level playing field? And how do capacity mechanisms factor into that?

Every EU country, including Poland, deserves to benefit from tailor-made solutions, especially when our own starting point for the transition is very unique. It's one-of-a-kind and no other country has such a large share of coal in its energy mix.

Beyond just targets, we need the right market conditions and design to boost investments in things like renewables, storage, digitalisation and so on.

In the case of Poland, where we do not have overcapacity, there will be the issue of under capacity. That's been clearly proven by our authorities and DG Competition and that's why Poland's capacity market was approved in February 2018. The assessment was very strict and very detailed, showing we have structural problems that affect how we phase out existing power plants and we don't have enough investment incentives.

Security of supply risks becoming a real issue without this support. For domestic power suppliers, if

they don't participate in the capacity market, they won't have enough resources for investment in new generation, including renewables. If capacity markets are well-designed and technologically neutral they can strengthen market reforms and renewable energy integration.

There are no contradictions between capacity markets and deployment of renewable energies. After all, one size does not fit all in Europe.

What kind of energy transition do everyday Polish citizens support?

I would say that our customers are orientated towards a broad spectrum of aspects when it comes to electricity. They want affordable prices, guarantees of keeping the lights on if they need it, and last but not least clean air.

Air quality and environmental standards are very important. My association promotes the achievements of the power sector, because we make a lot of effort in CO₂ and pollutant reduction. GHG emissions have been reduced fivefold according to the target set by the Kyoto Protocol with more than 30% compared to the base year. Since 2005 we have also reduced tremendously industrial emissions of SO₂ by more than 50%, NO_x by more than 30%.

These efforts will continue in the future. Thanks to electrification of transport we'll improve environmental standards even further.

OPINION

DISCLAIMER: All opinions in this column reflect the views of the author(s), not of EURACTIV.COM Ltd.

Clean air for everyone - Poland challenges smog

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By Jadwiga Emilewicz



Air pollution hangs over the roofs of Krakow. [Shutterstock]

Environmental protection and the fight for clean air are global challenges in today's world. Poland's entrepreneurship and technology minister explains how her country is doing its bit to overcome air quality challenges.

Jadwiga Emilewicz is Minister of Entrepreneurship and Technology.

Poland has already taken on these air pollution challenges, acting for improvement of air quality. We are the first to tackle the smog problem systemically. We have made

the diagnosis and have a package of comprehensive actions we are consistently implementing.

We conclude that the three key issues for improving air quality in Poland are: (1) amendments to the laws, including prohibition of sale of stoves that do not meet emissions standards and implementation of quality standards for solid fuels, (2) a benefits package for low-income households, (3) improvement of energy efficiency of residential buildings.

We have already implemented emissions standards for solid fuel stoves, used for burning wood and

coal, heating the houses of millions of Poles.

At present, no stoves may be manufactured in Poland that fail to meet the rigorous criteria on the reduction of emissions of harmful substances, and as of 1 July 2018, selling stock of those manufactured before the law was amended will no longer be allowed.

We are also introducing legal regulations on the quality of solid fuels, aimed at eliminating the most polluting solid fuels such as

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coal slurry and float concentrate from the residential sector. We are commencing a general programme of thermal modernisation of residential buildings.

In 23 cities from the WHO list of 50 most polluted cities of Europe, houses of low-income residents will be thermo-insulated. Thus, their heating bills will be drastically reduced. At the same time, we are collaborating with conurbations to allow development of individual programmes adapted to regional needs.

Thermo-modernisation of single-family houses owned by low-income citizens was considered by World Bank experts, commissioned by the European Commission to develop a report on combating low stack emissions in Poland, as one of the most effective and rational tools contributing to the improvement of air quality in Poland.

This direction is also confirmed by the report that points to the sources of air pollution, developed by the Polish Electricity Association, who represent the electricity sector in Poland.

According to the report, the top culprit behind bad air quality in Poland is not the utility energy sector but individuals burning low-quality solid fuels to heat their homes.

It confirms to us that the most pressing issue is to resolve the problems with low-quality stoves and fuels as well as thermal insulation of houses, particularly for those in dire need of support.

The thermo-modernisation programme will thus not only allow a contribution towards the reduction of harmful atmospheric emissions, but will also result in the significant improvement of Poland's energy efficiency in the non-ETS sector.

We are aware of the fact that the fight for clean air must be fought on multiple fronts and will go on for many years. The ultimate victory

will also require many allies, both in Poland and in Europe.

Only with joint efforts and coordination of all commenced initiatives, will we be able to improve air quality.

Thus, our biggest challenge – over and above implementing the relevant legal regulations – will be to arrive at a common denominator and streamline the flows of central government's and local governments' funds.

Our goal is to optimise the spending of all public funds available under the 2014-2020 financial framework to improve air quality in Poland. These experiences will also be leveraged when agreeing with the European Commission on the rules for spending EU funds by Poland during the next 2021-2027 financial framework.

However, neither standards nor laws, nor money will suffice without knowledge about, and awareness of, the problem that air pollution presents. Therefore, a complementary action to those referred to above has to be that of raising the general public's awareness of the lethal impact that smog has on our lives and also providing information about what mainly contributes to the formation of smog and how it may be prevented.

This is why all initiatives supporting our fight for clean air are important. One of them is the "POWER SECTOR for air quality" campaign. Its organisers – in order to reach the broadest audience and deal with the air quality problem even more extensively – are operating not only centrally, but also regionally.

This is why electricity sector experts are meeting with the media and organising debates with local communities, during which they present the most cost- and environmentally-friendly solutions for house heating.

In this way, they are reaching out to the Poles directly and explaining clearly how the recently introduced anti-smog tariffs work. PKEE is also

planning a series of educational activities at schools to help with additionally forming pro-environment attitudes among children.

The fight against smog requires time and a comprehensive approach, but it is worth it. For the government, the health of people and better quality of life are top priorities.

We are counting on the initiatives we are ramping up to bring tangible effects within several years and to allow us to proudly declare that we have managed to give all Poles the possibility to enjoy clean air.



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