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POLAND AND THE EUROPEAN CLIMATE POLICY: AN UNEASY RELATIONSHIP

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Over the last two decades the Polish and the European climate policy developed in the opposite directions. Although significant reduction of the CO₂ emissions in Poland was mainly the result of transformation from a centrally planned economy to a market economy, sustainable development and increasing role of alternative sources of energy as a way to reduce Poland's dependency on coal were high on the agenda of the Polish government in the 1990s. But with the increasing level of ambition of the European climate policy, Poland's readiness to accept and implement strategies to meet new emissions targets, such as the EU Emission Trading Scheme, decreased significantly. This article presents an evolution of the Polish climate policy since the early 1990s and outlines a possible explanation for the increasing discrepancy over the last decades between the developments in Poland and at the European and national levels.

The promising beginnings

The fall of communism in 1989 was a turning point not only for the Polish political system but also for the country's energy and climate policy. With environmental pollution being one of the factors that led to the opposition against communist rule, the democratically elected government paid closer attention to environmental issues and brought also the issue of climate change onto the agenda. According to the 1990 document, *Assumptions of the Polish energy policy until 2010*,

CO₂ emissions were to be reduced mainly by increasing energy efficiency and developing renewable energy sources¹. On 5 June 1992 Poland was one of the first countries to adopt the United Nations Framework Convention on Climate Change (UNFCCC)².

The move from a centrally planned economy to a free market economy also led to a significant decrease in CO₂ emissions, with a 37% fall between 1988 and 2002³. This decrease was predominantly due to the modernization of energy intensive sectors. One of the many examples of investments was the modernization of the Ożarów cement plant in the late 1990s, when the company was equipped with the most efficient installation for cement production in Europe⁴. Investments in the steel industry in the following years led to further reductions in CO₂ emissions, with the industry becoming more energy efficient than in neighboring countries⁵. However, the situation in the power sector was different. Ensuring the survival of the ineffective coal-fired power plants and the modernization of the heavily indebted mining sector were the major challenges that the government had to deal with. Increasing energy efficiency and lowering CO₂ emissions within this sector were much lower on the government's list of priorities. As a result, throughout the whole decade of the 1990s the energy efficiency of the power sector increased by less than 3% – the slowest improvement of all the Central and Eastern European countries that later joined the European Union⁶.

By the late 1990s it was clear, that as an EU member state, Poland would have to fulfill not only rather general obligations resulting from the global climate negotiations, but also those decided at the European level. The European

¹ Sejm RP (1990) *Uchwała w sprawie założeń polityki energetycznej Polski do 2010 r.* [Resolution concerning the assumptions of the Polish energy policy until 2010], *Monitor Polski*, 43:332.

² United Nations Framework Convention on Climate Change, *Status of Ratification of the Convention* http://unfccc.int/essential_background/convention/status_of_ratification/items/2631.php, 15.09.2013.

³ Energy Information Administration, www.eia.gov, 12.09.2013.

⁴ Cement Ożarów, <http://www.ozarow.com.pl/main.php?p=532>, 15.09.2013.

⁵ Energy Efficiency Indicators in Europe, <http://www.odyssee-indicators.org/online-indicators/>, 10.08.2013.

⁶ Eurostat, *Greenhouse gas emissions intensity of energy consumption*, <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&language=en&pcode=tsdcc220&plugin=1>, 15.09.2013.

Commission's *Green Paper* of 1996⁷ and *White Paper* of 1997⁸ presented the development of renewable energy sources as the most significant method for reducing CO₂ emissions. In response, the Parliamentary Committee for the Protection of Environment and Natural Resources adopted during the March 1999 session a resolution, calling the government to prepare a strategy for the development of renewable sources of energy. It also demanded the adoption of a separate renewable energy law that would include provisions allowing companies, individuals, local communities and NGOs to actively participate in the development of renewable energy sector⁹. In July 1999, with the majority of 395 to 5 votes, the resolution was adopted by the Polish parliament¹⁰.

Over a year later, the government adopted the *Development Strategy of Renewable Energy*, which was prepared by the Ministry of Environment. The document confirmed the need to develop renewable energy sources as a way to further reduce Poland's CO₂ emissions. It also set targets of 7.5% share of energy from renewable sources by 2010 and 14% for 2020. According to the authors of the *Strategy* achieving the first of these goals would lead to the reduction of CO₂ emissions by 18 million tons and the creation of over 30-40 thousand jobs by the end of the decade¹¹.

EU membership – We do only what's necessary

The approach to the development of renewable energy changed dramatically after the elections in 2001. The new ruling coalition of the Democratic Left Alliance and Polish People's Party did not pay attention to the obligations and targets set by

⁷ European Commission, *Energy for the Future: Renewable Sources of Energy. Green Paper for a Community Strategy*, COM (96) 576 final.

⁸ European Commission, *Energy for the Future: Renewable Sources of Energy. White Paper for a Community Strategy and Action Plan*, COM (97) 599 final.

⁹ Meeting of the Parliamentary Environmental Committee from 16 Mar. 1999, Biuletyny Komisji Sejmowych, 1938/III.

¹⁰ Sejm RP *Rezolucja Sejmu Rzeczypospolitej Polskiej z dnia 8 lipca 1999 r. w sprawie wzrostu wykorzystania energii ze źródeł odnawialnych* [Resolution of the Polish Parliament from 8 July 1999 concerning an increase of the use of energy from renewable sources], Monitor Polski, 25:365 (1999).

¹¹ Sejm RP, *Strategia rozwoju energetyki odnawialnej* [Development Strategy of Renewable Energy], Druk Nr 2215.

the preceding government. During the negotiations with the European Commission over Poland's RES-E target for 2010, the Polish government came up with the goal of 3.6% fully ignoring the 7.5% goal included in the *Strategy* of 2000. It was only after the Polish organization EC BREC translated the document and sent it to the Commission the Polish negotiators had little choice but to agree to the 7.5% target defined less than two years earlier by the preceding government¹².

However, the development of renewable energy was not among the new government's priorities. The *Polish Climate Policy* adopted by the Ministry of Environment in 2003 did not mention the development of renewable energy among the short-term measures that should be implemented to reduce CO₂ emissions. In the middle and long-term perspective, the development of renewable sources of energy was only one out of 15 measures that would limit Poland's CO₂ emissions¹³.

But despite this lukewarm approach to renewable energy of the Polish government, it had to implement the directive 2001/77/EC, which obliged EU member countries to introduce a support mechanism that would increase the share of electricity in the power mix. With an 18-month delay, in October 2005, such a support mechanism was introduced in Poland. The equal support of electricity from different sources of energy, including large, decades-old hydroelectric power plants and biomass burned with low efficiency in coal-fired power plants, made the support mechanism overly expensive and thus it contributed only mildly to the development of new capacities and job creation in the renewable energy sector. As a result, the role of biomass co-firing increased significantly: already in 2006 over 30% of the electricity supported within the framework of the support mechanism was generated in the process of biomass co-firing. By 2011, this share increased to 46% with another 23% of the support going mostly to the large hydroelectric power plants¹⁴. The fact

¹² Interview with Grzegorz Wiśniewski Chairman of the Renewable Energy Institute EC BREC and Renewable Energy Forum Union of Employers. Warsaw, 28 March 2012.

¹³ Ministry of Environment, *Polityka Klimatyczna Polski. Strategie redukcji emisji gazów cieplarnianych w Polsce do roku 2020* [Polish Climate Policy. The strategies of reducing the GHGs emissions until 2020], Warsaw, October 2003, pp. 15-16.

¹⁴ Polish Wind Energy Association, *Energetyka wiatrowa w Polsce* [Wind energy in Poland], <http://psew.pl/pl/energetyka-wiatrowa/ewi-w-polsce>, 16.09.2013.

that an increasing share of biomass burned in Polish coal-fired power plants was imported from over 50 countries also had a rather dubious impact on Poland's CO₂ emissions reduction: the biomass was often transported thousands of kilometers by sea and hundreds of kilometers by land to reach the coal-fired power plants in the south of the country¹⁵.

Consolidation of the power sector

In 2006, the government led by the conservative Law and Justice Party adopted *Program for the Electricity Sector*. The document stated three main goals of the Polish energy policy: lowering electricity prices, ensuring energy security and reducing the impact of the power sector on environment. These goals were to be achieved, among others, by the consolidation of the power sector in Poland. A number of small power companies were to be consolidated into the Polish Energy Group, which was to become the "leading energy company in Poland and Central Europe". The company was to remain largely a state owned enterprise with a maximum of 35% of the company's shares to be sold on the Polish stock exchange¹⁶.

The subsequent process of consolidation led to creation of four major energy companies: PGE, Tauron, ENEA and ENERGA. The first two were heavily dependent on generating electricity from coal: mainly hard coal in the case of PGE and lignite in the case of Tauron. As a result, they had a stake in reducing the level of ambition of the European climate objectives. Moreover, as largely state-owned companies they could count on the strong support of the government. In this regard, the change of the government in 2007 did not bring anything new: energy companies were given preferential treatment in the distribution of free CO₂ emission allowances.

¹⁵ Ministry of Economy (2012) *Uzasadnienie do projektu ustawy o odnawialnych źródłach energii* [Justification of the draft of the Renewable Energy Law].

¹⁶ Ministry of Economy, *Program dla elektroenergetyki* [Program for the electricity sector], Biuletyn Informacji Publicznej, 27 Mar. 2006, ss. 13-14.

The fight for allowances

As an EU member state, Poland was obliged to prepare a *National Allocation Plan* for the years 2005-2007 to show how many CO₂ allowances the country needed and how these allowances were to be distributed between different units. The Polish government fulfilled this requirement in August 2004 with a request of an annual allowance of 256 million tons of CO₂¹⁷. In response, the European Commission issued a decision that pointed out numerous mistakes in the process of calculation of the free allowances. These included double counting of allowances for the same units and ignoring the reduction of CO₂ emissions from the power sector resulting from the development of renewable energy sources. As a result, the Commission demanded lowering the total amount of the emissions for the period 2005-2007 by 47 million tons¹⁸. Before agreeing to the Commission's demand, the Polish government asked operators of the largest coal-fired power plants for data concerning their most recent CO₂ emissions. However, the emissions were smaller than expected and in December 2005, the Polish Council of Ministers adopted a *National Allocation Plan* that predicted CO₂ emissions at the level of 239 million tons annually between 2005-2007¹⁹.

The discussion over the second *National Allocation Plan* for the years 2008-2012 led to a conflict between the Ministry of Environment, led at that time by Professor Nowicki, and the Ministry of Economy, which was strongly supported by the Prime Minister Donald Tusk. The reason for the conflict was the transfer of free CO₂ emission allowances in the *National Allocation Plan* presented by the Ministry of Environment in December 2007 from the power sector to the energy intensive industry. This transfer was justified by the fact that Poland's economic development would require investments in infrastructure, which would increase demand for such

¹⁷ T. Tatomir, *Handel emisjami - szansa czy zagrożenie dla polskiej gospodarki?* [Emission trade - a chance or a threat for Polish economy?], [in:] <http://www.cire.pl/pliki/2/handele.pdf>, 23.09.2013.

¹⁸ European Commission *Decyzja Komisji z dnia 08/III/2005 dotycząca krajowego planu rozdziału uprawnień do emisji gazów cieplarnianych zgłoszonego przez Polskę zgodnie z dyrektywą 2003/87/WE Parlamentu Europejskiego i Rady* [Decision of the Commission from 8 March 2005 concerning national allocation plan submitted by Poland according to directive 2003/87/EC of the European Parliament and Council], http://www.kobize.pl/materialy/kpru/Decyzja_KPRU_I_2005.pdf, 20.09.2013.

¹⁹ T. Tatomir, dz. cyt.

products as steel and cement. This would make it necessary to increase the allocation of the free CO₂ emissions to energy intensive industry²⁰. This transfer of allowances from the energy sector to the heavy industry triggered strong disagreement of the Ministry of Economy. Despite its lack of formal competences in this area, the Ministry of Economy singlehandedly changed the proposal of the Ministry of Environment without providing any reasons for doing so²¹. In the end, the amount of free allowances for the energy sector was reduced by 14% from the period 2005-2007, whereas allowances for all other sectors were reduced by 24%. One of the most affected industries was the steel industry for which the amount of allowances was reduced by 62%²². Due to the lack of real possibilities to shape the Polish energy and climate policies, and worsening relations with Prime Minister Tusk, Maciej Nowicki resigned from the position of the Minister of Environment after two years in office²³.

Negotiations over the *Energy and Climate Package*

In March 2007, all EU leaders agreed on a binding goal of 20% reduction of CO₂ emissions by 2020. This goal was used by the European Commission as a basis to prepare a draft of a law significantly amending the directive 2003/87/EC dealing with the Emissions Trading Scheme. In January 2008, the Commission presented a package of measures, later called the *Energy and Climate Package*, which apart from a directive reforming the EU ETS included laws dealing with the development of renewable energy and carbon capture and storage.

However, it was the reform of the EU ETS that evoked the most interest in Poland. The Commission's proposal of full auctioning of allowances for the power sector would have a significant impact on the Polish energy industry, which was largely based on coal. It was argued that forcing energy companies to purchase all

²⁰ Joint meeting of the parliamentary Commissions for Economy and Environment, *Biuletyny Komisji Sejmowych* 7 May 2008, 617/VI.

²¹ FORUM^{CO2}, *Letter to the Minister of Environment from 26 Feb. 2008*.

²² Own calculation based on comparison of National Allocation Plans for years 2008-2012 (<http://www.lex.pl/du-akt/-/akt/dz-u-08-202-1248>, 17.09.2013) and National Allocation Plan for years 2005-2007 (<http://dziennikustaw.gov.pl/DU/2005/s/264/2206/1>, 17.09.2013).

²³ M. Nowicki, *Nadchodzi era słońca* [The solar age is coming], *Czysta Energia*, 11:123 (2011), s. 12.

CO₂ allowances on an auction would significantly increase electricity prices. It was largely ignored that the income from the auctioning of the certificates would end up in the Polish budget and could allow for tax reductions in other areas, in addition to investments in energy efficiency. On the initiative of Krzysztof Żmijewski a coalition of Polish energy companies was created under the name Green Effort Group. Among its main goals the coalition defined “promoting the rules of ecological solidarity” that takes into consideration differences in the economic potential of the member states. In reality, however, the activity of the Green Effort Group was largely limited to showing the “disastrous effects” of the European climate policy on the EU member countries, especially Poland. Over the three months that preceded the final agreement on the Energy and Climate Package, the representatives of the Group conducted numerous meetings with members of the European Parliament, representatives of governments of different EU member states and journalists²⁴.

The activities of the Green Effort Group, and the threat that the Polish government would veto the whole package, led to significant concessions to the Polish power sector in the final version of the ETS directive. Instead of full auctioning, the Polish power plants were to receive 70% of the allowances for free in 2013, with the idea that this amount would gradually decrease to zero by 2020. In addition, Poland would receive free allowances for power plants “for which the investment process was physically initiated” by 31 December 2008. Finally, Poland was to benefit from the sale of 12% of allowances in other EU member states: 10% of the income from the auctioning of allowances was to be distributed among EU member states “for the purpose of solidarity and growth” and 2% was to be distributed among countries which in 2005 were at least 20% below their Kyoto target, both criteria fulfilled by Poland²⁵. The success of the Polish negotiators was recognized by the government: In February 2009 representatives of the companies allied in the Green

²⁴ Green Effort Group, *Raport merytoryczny*, [The summary of activities],

http://www.proinwestycje.pl/ets/Raport_merytoryczny%20Green%20Effort%20Group.pdf 18.09.2013.

²⁵ European Commission *Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community*.

Effort Group were awarded special diplomas and acknowledgements on behalf of the Prime Minister. The diplomas, signed by the Minister of Economy, Waldemar Pawlak, were handed in by the Deputy Minister and the future Minister of Environment, Marcin Korolec²⁶.

The negotiations over the *Energy and Climate Package* highlighted the importance of the EU level of involvement for the situation of the power industry in Poland. In July 2010, an organization called Central Europe Energy Partners (CEEP) was created to take a concerted action against any future proposals leading to a more ambitious renewable energy and climate policy. The association, with the main office in Brussels, is dominated by Polish energy and mining companies: out of 19 members only 7 were coming from other EU member states²⁷.

Energy and Climate Package – “a catastrophe for the Polish economy”?

Despite the concessions that Poland gained during negotiations over the Energy and Climate Package, and the potentially significant proceeds for the Polish budget from the sale of CO₂ emission allowances in other EU countries, the Polish government considered European climate policy as a major threat to Polish and European economies. Electricity prices that were due to increase if Polish power plants were obliged to purchase allowances for CO₂ emissions, were defined as the major factor influencing the development of industry in Poland. The impact of other factors, such as payroll taxes and the possibility to develop a new industry dealing with energy efficiency and low-carbon technologies, was largely ignored. The interests of the Polish power sector were defined as national interests while at the same time the positive impact of European climate policy on other industries and on the Polish budget was not mentioned.

Opposition to European climate policy also arose outside the government. In January 2012, the United Poland Party presented an initiative to collect over a million

²⁶ Green Effort Group, *najwięksi z Energetyki też chcą być zieloni!* <http://www.zielonamarka.pl/aktualnoci/205-green-effort-group-najwiksi-z-energetyki-te-chc-by-zieloni->, 18.09.2013.

²⁷ Central Europe Energy Partners, <http://www.ceep.be/www/Our-members/11/pages.html>, 18.09.2013.

signatures in the framework of the European Citizens' Initiative that would force the Commission to initiate a referendum over a suspension of the *Energy and Climate Package*. This initiative was joined by the workers' union "Solidarity" in addition to representatives of six other European countries. It also found support among high-ranking members of the Polish government: Waldemar Pawlak, at that time Poland's Minister of Economy, supported the initiative because *an artificial increase of the energy prices is unreasonable in today's economic situation*²⁸.

The possibility of renegotiations of the *Energy and Climate Package* was also discussed in the Polish parliament. In January 2012, members of the Law and Justice Party presented a draft resolution that called the Polish government to initiate the process of renegotiation of the *Energy and Climate Package* at the European level. After a heated debate, the resolution was rejected with the votes of the ruling coalition. This decision resulted not from the support for the *Package* but from the fact that – as confirmed by the parliament's legal office – a proposal demanding renegotiation of the *Package* would have failed at the European level. The only opposing party, which unanimously voted against the proposal to renegotiate, was the Palikot Movement. Marek Domaracki, who presented the position of the party, argued that instead of opposing European climate change policy, the parliament should focus on implementing the *Package* in a way that would be beneficial for Polish society and the economy. Domaracki reasoned that its implementation would lead to the development of renewable energy sources and an increase in energy efficiency, thus creating new jobs while increasing the competitiveness of the economy²⁹.

"We are alone but we know we are right"

With limited possibilities to fight against the *Energy and Climate Package*, the Polish government concentrated on making sure that no further obligations regarding

²⁸ *Energetyka wybiera węgiel brunatny* [Electricity sector chooses lignite], [wnp.pl](http://www.wnp.pl/wiadomosci/176419.html), 11 Aug. 2012, <http://www.wnp.pl/wiadomosci/176419.html>, 18.09.2013.

²⁹ Sejm RP, Stenograph from the 11th Session of the Polish Parliament from 28.09. 2012.

the reduction of CO₂ emissions were adopted at the European level. For this purpose it used a pre-emptive veto to block any proposals proposed by European institutions, including those that had a non-binding character, but which could in the future result in a legal act with binding goals.

For the first time this strategy was implemented during the Council of Ministers in June 2011. Only a few days before Poland was due to take over EU Presidency, the Polish Minister of Environment, Andrzej Karaszewski, withheld his support for the *Conclusions of the Presidency* referring to the *Roadmap for moving to a competitive low-carbon economy in 2050*. The major issue was the statement that increasing the European CO₂ emissions reduction target to 25% by 2020 would be *in line with the pathway, consistent with the long-term climate objective*³⁰.

Although Karaszewski's veto was strongly supported by the government and a considerable part of the opposition, in November 2011 he was replaced by the former deputy Minister of Economy, Marcin Korolec. As pointed out by Donald Tusk when he was presenting Korolec as his candidate for this position: *Marcin Korolec will not be the spokesman of Greenpeace. The point is to find a smart balance between the needs of the people and companies and the needs of the environment*³¹. The nomination of Marcin Korolec was a culmination of a process that began with the resignation of Marcin Nowicki in December 2009 and led to former employees of the Ministry of Economy taking over the Ministry of Environment. This allowed the whole government to take a common position opposing any changes of European climate policy that would have a negative impact on the profitability of the largely state-owned energy companies.

This consolidation of the Polish government resulted in another veto of the EU's roadmap to a low-carbon economy in 2050 in March 2012³². Representatives of

³⁰ European Council *A Roadmap for moving to a competitive low-carbon economy in 2050 – Presidency conclusions*, <http://register.consilium.europa.eu/pdf/en/11/st11/st11964.en11.pdf>, 19.09.2013.

³¹ *Tusk: Minister środowiska nie będzie rzecznikiem Greenpeace* [Tusk: the Minister of Environment will not be Greenpeace's spokesman], *Rynek Infrastruktury*, 17 Nov. 2011, <http://www.rynekinfrastruktury.pl/artukul/76/1/tusk-minister-srodowiska-nie-bedzie-rzecznikiem-greenpeace.html>, 20.09.2013.

³² Press Release from the 3152nd Council meeting on Environment,

almost all parties represented in the Polish parliament supported this decision, just as Poland's veto nine months earlier. A former member of the conservative Law and Justice Party, which usually criticizes all actions of the liberal government, expressed his satisfaction with the decision of the government while voicing his disappointment that Poland did not veto the 20-20-20 goals adopted in March 2007. A representative of the ruling Civic Platform argued that the CO₂ emission target would increase the burden on the Polish economy *because the money that should be spent on the development of new technologies and modernization of Polish industry will be spent on fines*³³. The fact that the "fines" were to end up in the Polish budget and were to be spent exactly on the development of new technologies and modernization of the Polish industry remained unnoticed. A representative of the Polish People's Party, while approving the decision of the Minister of Environment, expressed his disappointment that other countries did not support Poland's position³⁴. As summarized by Bogdan Piotrowski, a MEP and a member of the ruling Civic Platform, the decision of the Minister of Environment meant a debacle for renewable energy and a victory for coal, a victory that he seemed to applaud: *what works in windy Denmark may not work in coal-rich Poland*³⁵.

The discussion over the Polish veto was accompanied by statements quoted in the most popular Polish journals, that the goal of the European climate policy is to strengthen the biggest EU member states while destroying industry in the poorer member states, such as Poland³⁶. Such opinions were often expressed by representatives of the think tank EnergySys whose Chairman, Boleslaw Jankowski, actively participated in conferences and discussions dealing with European and Polish

http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/envir/128883.pdf, 18.09.2013.

³³ *UE popełniła samobójstwo. Polska koalicja upadła w ostatniej chwili* ['The EU committed a suicide,' Polish coalition fell in the last moment.], *tvn24*, 10 Mar. 2012, <http://www.tvn24.pl/12692,1737664,0,1,ue-popelnia-samobojstwo-polska-koalicja-upadla-w-ostatniej-chwili,wiadomosc.html>, 13.09.2013.

³⁴ *Politycy o polskim wecie w sprawie redukcji CO₂* [Politicians about Polish veto concerning reductions of the CO₂ emissions], *wnp.pl*, 12 Mar. 2012, <http://www.wnp.pl/wiadomosci/164707.html>, 13.09.2013.

³⁵ *Europoseł Marcinkiewicz: OZE przegrało, wygrał węgiel* [Member of the European Parliament: RES lost, coal won], *wnp.pl*, 13 Mar. 2012, http://energetyka.wnp.pl/europosel-marcinkiewicz-oze-przegralo-wygral-wegiel,164909_1_0_0.html, 13.09.2013.

³⁶ *Polityka energetyczna służy gospodarczej dominacji* [Energy policy is used for economic domination], *wnp.pl*, 20.02.2012; http://energetyka.wnp.pl/polityka-energetyczna-sluz-gospodarczej-dominacji,162889_1_0_0.html, 10.09.2013.

energy and climate policy. The major contractors of the Warsaw-based think tank were large energy companies for which EnergSys also published reports dealing with the impact of European climate policy on their business³⁷. Opinions of such organizations as EnergSys had large impacts on government's decisions and popularity of these decisions in Polish society. In June 2012, Waldemar Pawlak, Poland's Minister of Economy, refused to support the EU Energy Roadmap 2050. As he pointed out after the vote: *It is not an argument for us that we are alone but that we are convinced that we are right*³⁸.

Admittedly, a more ambitious energy and climate policy would have a significant impact on Poland's coal-based power industry. In a short term, from a geo-economic perspective, an ambitious CO₂ emission reduction target for the EU, without similar targets for the biggest EU competitors such as China or India, would have a negative impact on the competitiveness of European, and especially Polish, industry³⁹. However, a loss in competitiveness, resulting from the requirement to purchase CO₂ allowances, could easily be reduced by taking advantage of the provisions for energy intensive industries mentioned in the ETS directive, provisions that the Polish government is explicitly refusing to take advantage of⁴⁰. In a longer term, as pointedly described by Książkowski, failure to move to low-carbon technologies would have a negative impact on Poland's geo-economic position: by failing to develop a low-carbon industry of its own in the future Poland would have to

³⁷ Tj. National Economic Chamber, EnergSys, *Ocena wpływu ustanowienia celów redukcji emisji wg dokumentu KE „Roadmap 2050” na sektor energetyczny, rozwój gospodarczy, przemysł i gospodarstwa domowe w Polsce do roku 2050* [The assessment of impact of the emissions' reduction targets set in the European „Roadmap 2050” on the energy sector, economic development and households in Poland until 2050], <http://www.kig.pl/files/Aktualnosci/SYnteza%20RAPORT%202050%20W%20POLSKA.pdf>, 18.09.2013; PKEE and EnergSys, *Ocena skutków wdrożenia pakietu energetyczno – klimatycznego dla Polski w okresie do roku 2030* [Assessment of the impact of implementation of the energy and climate package for Poland until 2030], <http://www.toe.pl/serwisy/2/upl/8dd1794095ed1891470d6c324d5bcc4e.pdf>, 18.09.2013.

³⁸ Polska zawetowała plan bezemisyjnej energetyki do 2050 r. [Poland vetoed zero emissions energy sector plan until 2050]; http://energetyka.wnp.pl/polska-zawetowala-plan-bezemisyjnej-energetyki-do-2050-r,172362_1_0_0.html, 18.09.2013.

³⁹ K. M. Książkowski, *The Geo/economics of Climate Change Regime – Polish perspective*, “Studia i Prace WNEiZ” nr 29/2012, <http://www.wnei.z.uw.edu.pl/sip/numery/rok2012/studia-i-prace-wnei-z-nr-29-2012/2939-the-geo-economics-of-climate-change-regime-polish-perspective>, 27.09.2013.

⁴⁰ Nie będzie zniesienia akcyzy na energię dla przemysłu wnp.pl, 26 Sep. 2013, <http://www.wnp.pl/wiadomosci/207441.html>, 27.09.2013.

rely on imports of technology from other countries to diversify its energy sources⁴¹. In this way the competitiveness of the Polish industry would suffer, not because of European climate policy but due to the inaction of the Polish government.

Poland as the host of the CoP19

During the preparations for the climate negotiations in Warsaw in November 2013 the major differences between the Polish Ministry of Environment and the European Commission came to light. According to the Ministry of Environment, Marcin Korolec, the major difference of opinions between Poland's and the EU's approach to climate negotiations concerns the timing of taking any binding obligations to take action against climate change. Where the EU wants to lead by setting an example, the Polish government prefers to wait until all countries manage to reach an agreement concerning the reduction of greenhouse gases⁴². Such an approach can be effectively used to block any compromise at the European level until all 194 countries participating in the process of climate negotiations manage to agree on a common climate policy. The ministry also ignores the impact that long-term reduction goals would have on the European industry. Faced with predictable and ambitious climate policy European companies would invest in R&D of low-carbon technologies and energy efficiency and be well prepared for the competition of other countries when a global climate agreement has been reached. At the same time, some representatives of the Polish government failed to notice that despite the lack of internationally binding agreements, some countries are already adopting ambitious emissions reduction plans. A case in point is China, which is not only planning to reduce energy efficiency of its products but is also pushing forward

⁴¹ Tamże, s. 115.

⁴² M. Korolec: *porozumienie klimatyczne musi dotyczyć wszystkich państw* [M. Korolec: climate agreement must concern all countries] wnp.pl, 28 Jul. 2013, http://energetyka.wnp.pl/m-korolec-porozumienie-klimatyczne-musi-dotyczyc-wszystkich-panstw,203297_1_0_0.html, 19.09.2013.

development of renewable energy sources⁴³. Similarly, the United States is taking tough action to limit its CO₂ emissions from the power sector⁴⁴.

Another difference between the Commission and the Polish government with respect to climate policies is the approach to the EU ETS. According to Minister Korolec, the Scheme is a *technocratic idea which refers to a European average, which does not exist (...). It is especially bad for Poland, which bears the high costs of the instrument, while for such countries as Sweden the costs for the energy sector are practically nil*⁴⁵. Such statements ignore the fact that Poland is the biggest net beneficiary of the auctioning of CO₂ allowances. Not only does it keep the revenues from the auctioning of the allowances purchased by its companies, it also receives the largest share of the 12% of allowances sold in other countries⁴⁶. Although EU ETS introduces additional burdens on energy companies, which may lead to increased electricity prices, the additional income to the state budget may be used to lower taxes in other areas and develop a new low-carbon industry.

Conclusions: It is not (only) about the coal

The dominance of coal in Poland's power mix has often been quoted as the major reason for Poland's opposition to an ambitious climate policy. However, a closer look at the development of Polish climate and energy policy shows that such an explanation is only partly correct. In the 1990s, despite even bigger dependency on coal and the lack of viable alternatives, Poland entered a path of a low-carbon economy. The *Assumptions of the Polish energy policy until 2010* of 1990, the *National Environmental Policy* of 1991, and the *Development Strategy of Renewable*

⁴³ K. M. Książkowski, *Unia Europejska I CHRL w Międzynarodowej Polityce Ochrony Klimatu*, „Stosunki Międzynarodowe – International Relations”, nr 1 (t.47) 2013, http://www.pl2.ism.uw.edu.pl/images/stories/Publikacje/stosunki_miedzynarodowe/SM47-druk-mini-2.pdf 27.09.2013.

⁴⁴ *New EPA Rules Force Shut Down of 32 Coal-Fired Power Plants* Governing, 22 Dec. 2011, <http://news.investors.com/ibd-editorials/092013-671984-epa-rules-will-send-energy-costs-up-sharply.htm>, 27.09.2013.

⁴⁵ M. Korolec: *ostatnia prosta do konferencji klimatycznej ONZ* [The last preparations for the UN climate conference], wnp.pl, 25 Jul. 2013, http://energetyka.wnp.pl/m-korolec-ostatnia-prosta-do-konferencji-klimatycznej-onz,203130_1_0_2.html, 19.09.2013.

⁴⁶ European Commission *Directive 2009/29/EC ...*, Article 10 (2), and Annex II.

Energy of 2000, which were all adopted almost unanimously by the Polish parliament, stressed the need to develop renewable energy sources of energy and implement energy efficient technologies. The government recognized that this would not only lower CO₂ emissions but it would ensure that Poland kept up with developments in neighboring countries. While energy intensive industries adopted energy efficient technologies, Poland's power industry did very little to move towards more sustainable power production. Indeed, exactly the opposite has happened. Instead of taking advantage of the support mechanism to develop additional renewable energy capacity, the power industry started burning biomass while ignoring any criteria of sustainability.

At the same time it must be stressed, that such behavior was made possible only due to the existence of a legal framework that allowed for publicly-owned companies to benefit from the windfall profits paid in the end by the consumers of electricity. It is a paradox that the same representatives of government who prioritized decreasing electricity prices, were unable or unwilling to change a support mechanism, which subsidizes already paid off hydroelectric power plants and combustion of increasingly imported biomass. Also, the development of a low-carbon industry that may in the future threaten the dominant position of the large energy companies is not on the agenda of the Polish government. In fact, exactly the opposite is happening. The statement of the Prime Minister Tusk, that Poland would fulfill its 15% RES target by 2020 "but nothing more" sends a clear message to the investors *not* to invest in the development of a low-carbon industry in Poland⁴⁷.

European energy and climate policy is increasingly perceived in Poland as a burden. Such a perception results from the statements of different members of the government underlining the costs of the Emission Trading Scheme. This creates the false impression that the Polish industry will have to purchase CO₂ allowances from other EU member states. In reality, however, the proceeds from the auctioning of

⁴⁷ *Tusk: cel dla OZE chcemy osiągnąć jak najtańszym kosztem dla odbiorcy* [Tusk: we want to achieve RES target at the lowest price for the customers] wnp.pl, 26 Mar. 2013, http://energetyka.wnp.pl/tusk-cel-dla-oze-chcemy-osiagnac-jak-najtanszym-kosztem-dla-odbiorcy,193753_1_0_0.html, 20. 09.2013.

CO₂ allowances are distributed according to the share of emissions that each country received in the period 2005-2007. Furthermore, Poland will receive additional allowances for the modernization of the Polish energy industry. Using these proceeds for the development of low-carbon technologies, renewable energies and energy efficiency, areas in which Poland still has enormous potential, would make Polish industry more competitive and lead to job creation in new sectors of industry. However, this will only occur if there is an ambitious, long-term climate policy. At the moment, Poland is not only lacking this kind of policy but is also blocking the development of such a policy at the European level.

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Abstract

Over the last two decades Polish energy and climate policies underwent an evolution that was opposite to the developments in many other EU member countries. Whereas reduction of CO₂ emissions and development of renewable energy sources were high on the agenda of the Polish environmental policy in the 1990s, in the 2000s the Polish government began to perceive European climate policy as a burden for the Polish economy. After the adoption of the Energy and Climate Package in 2008, the Polish government initiated a strategy of the “pre-emptive veto” that blocked further strengthening of European climate policy, which may have had a negative impact on the Polish power sector.

POLSKA A EUROPEJSKA POLITYKA KLIMATYCZNA: KŁOPOTLIWE PARTNERSTWO

Abstrakt

Na przestrzeni ostatnich dwóch dziesięcioleci polska polityka klimatyczna przeszła ewolucję w kierunku odwrotnym niż w wielu innych krajach Unii Europejskiej. Redukcja emisji dwutlenku węgla i rozwój odnawialnych źródeł energii były jednymi

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