



CEEP
Central Europe Energy Partners

REPORT

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November 2012

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Budapest Conference

The first Energy Summit '29 + 1' Conference was held in Budapest, Hungary, on the 11th – 12th of October, 2012, under the title 'Central Europe and the Energy Roadmap 2050'. This is one of the flagship projects of Central Europe Energy Partners, AISBL, (CEEP), to be held on a yearly basis in different countries of the EU-11 (Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, the Slovak Republic, Slovenia and Croatia, which will become a European Union member soon). The '29+1' Energy Summit is a meeting of 29 CEOs of the most important Central European energy companies with Mr. Günther Oettinger, the EU's Commissioner for Energy. It is an open, frank forum for dialogue under Chatham House Rules, without the participation of politicians, the media, or administrators. Restricting the number of participants in Budapest to only energy industry leaders gave the event a true 'fam-



ily' atmosphere, allowing attendees to get a 'real discussion going'. The Moderator of the Conference was Prof. Dr. Friedbert Pflüger, Director, European Centre for Energy and Resources Security, King's College, London. A report sponsored by CEEP and prepared by the consulting firm, Ernst & Young, – 'Analysis of Central Europe's Energy Sector (The

Prague Report)' was a useful prelude to the very vivid and matter-of-fact discussion. Many issues of importance to the energy sector of Central Europe were raised. These are some of them:

- the Commission was urged to consider the possible risk of placing disproportionate burdens on the economies of the EU-11, when implementing energy policy, as each member state has different needs and requirements. In addition, it would be more conducive in the attainment of our common European goals, if the support of alternative technologies and energy sources better reflected existing realities, and the ability of each member state to implement EU energy policy at the national level. The context of indigenous resources was also felt very strongly during the whole discussion;
- Central Europe needs clear guidance from EU leaders on supported infrastructure projects, otherwise our regional needs and our potential to fulfil them, will not be achieved;

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- when seeking to carry out EU obligations, Central Europe often faces contradictions between the Western and Eastern Regions of the EU. One of these is the target of a CO2 emissions reduction, where the Central European Region is advancing in a major way - thanks to the economic reconstruction phase of the '90's - compared to the Western European region,

the calculation of everything it produces. This, of course, will hamper Europe's growth, especially that of the Central European countries". The Conference participants noted that a new 'European Industrial Policy' should enhance the investment process in the EU;

- another major concern is the high energy price levels

sources of energy you use, we all follow the same rules!" We can name 'THE BUDAPEST MEMORANDUM' as being a tangible result of the Conference. It is a document summarising all our positions on matters of energy which are of utmost concern to us all in Central Europe, and which will constitute the basis for dialogue with the EU's Commissioner for Energy.



but still our region receives a lot of criticism from the Western side;

- competitiveness as a 'weak point' of Europe. It was clearly stated: "Europe must be competitive. This will simply not happen if 'more expensive energy' constitutes the basis for

that Central Europe faces.

The message that representatives from the Central European energy sector heard was loud and clear, with the two most important points being: "the EU is here to help you", and "the EU involves everyone. The key lies in diversity, but whatever

The Budapest conference is the best proof that Central Europe should not only speak, but should and can act together. It was truly an extraordinary event. The Conference was all what one would wish it to be. First of all, it gave a platform for representatives of the Central European energy sector to conduct a frank

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and open dialogue with the EU's Commissioner for Energy. At the same time, we had the opportunity to meet each other and discover that our thoughts on energy issues are not so far apart. We in Central Europe are well-aware of our energy needs – diversifying access to supplies, whilst simultaneously pursuing energy-efficient policies. We are not only emphasising national needs, but are also working for a united European Union.

The first Energy Summit '29 + 1' Conference in Budapest was held under the patronage of the Prime Minister of Hungary, Mr. Victor Orban, and the Deputy Prime Minister and Minister of the Economy of the Republic of Poland, Mr. Waldemar Pawlak. On the eve of the Conference, the Hungarian government hosted a cordon bleu dinner. Two Ministers of State at the Ministry of National Development: Dr. Fónagy János and Mr. Kovács Pál, represented the Hungarian government. Ms. Hanna Trojanowska, Under-Secretary of State at the Ministry of the Economy of the Republic of Poland, delivered the keynote speech of the evening. The Ambassador of the Republic of Cyprus to Hungary, Mr. Vassos Chamberlen, read a message from the Republic of Cyprus's EU Presidency, outlining his country's aims in terms of energy.



Dr. János Fónagy,
Minister of State
for National
Development of
Hungary

A WELCOME

Welcome to the '29+1' conference and welcome to Budapest! It is a great pleasure to host this distinguished and prominent event in the midst of Hungary.

This unique energy summit presents a number of rare opportunities – not only for Hungary, but for all Central European countries. We are given the chance to voice our opinion, to represent our interests and to hold a constructive dialogue with the European Commission.

It is important for the Central European countries to promote and further their common interests collectively. Only by steady collaboration, solidarity and friendship can our goals be advanced. I would like to thank CEEP and its members for taking a lead in mediating and articulating our common convictions and interests.

It is, however, just as important to engage in a constructive and practical discussion with the European Commission. A mutually beneficial exchange offers the ideal foundation for a strengthened relationship and a durable partnership between Central European energy companies and the Commission. In order to master the foreseeable challenges for the Central European energy sector, a close cooperation is essential and decisive.

This summit is the first step on a long path which is best travelled together!

Yours sincerely,

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LESS EMISSIONS - MORE GROWTH

Excerpt from the speech of CEEP Chairman, Mr. Pawel Olechnowicz at the '29 +1' Energy Summit in Budapest



Paweł Olechnowicz
Chairman of the Board of
Directors, CEEP, AISBL

Ladies and Gentlemen,

(...) Transforming the European energy system is necessary for climate, energy security, and economic reasons. Energy investments take time to produce results. In this decade, a new investment cycle is taking place, as infrastructure built 30 – 40 years ago in Central European countries, especially in the energy sector, needs to be replaced. However, lack of certainty over the economic and political outlook for the coming years is a major barrier when making changes towards a low-emissions energy system. All this should be taken into consideration by the 'Energy Roadmap 2050'. It is indeed a document with vision. However, the key questions which need to be answered are: who's vision is it, and for whom? Following the suggested tracks of the Roadmap, one can come to the opinion that it is acting against one of the most important lynchpins of the European Union, namely, the basic principle of **SOLIDARITY**.

The energy sector strategy outlined in the Roadmap does not seem to take

solidarity into consideration. It provides for a reduction of **CO2 emissions** in the European Union, without taking note of the different conditions prevailing in individual member states. I am convinced that the above concept will surely, though unintentionally, make the differences between the EU-15 and the remaining member states even more dramatic. Nor can it be ruled out that the EU-15 member states, now faced with major structural problems, may actually fall victim to the strategy set out in the 'Energy Roadmap 2050'. I realise that there is no perfect solution to the energy problems experienced by Europe, but I am also convinced that solutions can be either better or worse.

Competitiveness is Europe's weak point. To be treated on an equal footing with other world players, Europe must be competitive. This will simply not happen if 'more expensive energy' constitutes the basis for the calculation of everything it produces. This, of course, will hamper Europe's growth, especially that of the Central European countries. We will surely never catch up with the EU-15, unless a

realistic CO2 policy is applied by the EU, taking into account historical differences, development needs, and energy resources (coal, natural gas, and oil, in addition to hydrological and climatic conditions. (...)

We are now witnessing the beginning of an important shift in thinking on these issues, within the Commission. The importance of industry for Europe is in the process of being 're-discovered'. A new 'European Industrial Policy' has just been initiated, which is not necessarily fully in line with the very rigid environmental maxims of Europe. A very important element of this new industrial policy is the cost of energy.

At this moment, let me thank Commissioner Oettinger for his words of last week in Berlin, on the cost of energy and the '20-20-20' goals, where he expressed his desire to link energy policy, not only to the climate/environment, but also to industrial policy as well. These topics are very close to our hearts – here at CEEP – and we have been presenting their importance since our establishment.

Now let us refer to a third aspect in con-

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nection with the Roadmap – **indigenous resources**. Our position on this issue is clear and reasonable: we should use local energy sources, applying state-of-the-art technologies, in compliance with the highest environmental protection standards. Coal and lignite power plants are not only developing in the EU-11 countries, as the example of the newly-opened power plant in Niederaussem, Germany, shows. We are fully conscious of the need to foster **cleaner coal technologies** so as to substantially reduce CO₂ emissions, whilst preserving and enhancing the competitiveness of our industrial base. It is, therefore, important to make investments in:

- cleaner coal technologies, enabling a reduction of CO₂ emissions with a minimum energy efficiency of 45% (so we can get a reduction of CO₂ by about 30 % – which is closer to the emissions from gas power plants);
- Carbon Capture and Storage (CCS);
- tax relief and other incentives for the construction of more efficient and cleaner-burning coal power plants.

Shale gas gives us a very good chance as concerns supply gas diversification. Central Europe Energy Partners is aware of the realities and the necessity to work out reasonable compromises. We are doing this on a daily basis, working together with the European Commission and European Parliament. I am pleased to officially present today to Commissioner Oettinger, The Prague Report: 'Analysis of Central Europe's Energy Sector', commissioned by CEEP, and prepared by Ernst & Young. The first report of its kind for our region, this report is a compendium of the energy sectors of the EU-11 countries and their achievements, along with their problems. We at CEEP do hope that it will contribute to a better understanding of our region, and be an important guide during the process of creating new policies in the energy sector. Let me, at this moment, stress very strongly, that CEEP's policy, fully supported by its members, is to further all

goals of a united and common Europe – for the benefit of all Member States of the European Union.

However, to ensure that such a united Europe realises its full potential, the Commission is challenged to formulate adequate policy responses which affect the legitimate interests of the Central European economies. This finding is supported, among others, by the conclusions of 'the Prague Report'. The Commission is urged to take into account the possible risk of placing disproportionate burdens on the economies of the EU-11 when implementing energy policy, as each member state has different needs and requirements. In addition, we believe that it would be more conducive in the attainment of our common goals, if the support of alternative technologies and energy sources better reflect existing realities and the ability of each member state to implement EU energy policy at the national level.

Based on today's discussion, we will present to Commissioner Oettinger, a 'MEMORANDUM' which reflects our position on many issues of common concern. We do hope that this 'MEMORANDUM', together with 'The Prague Report' will help to better understand the position of Central European companies from the energy sector and will contribute to final solutions, accepted by our governments within the EU in favour of the development of industry in our region.

We strongly believe that due to wise policy, development of industry and at the same time, a decrease in emissions is still possible. We believe in new R&D achievements producing new, more energy-effective technologies.

Paweł Olechnowicz
Chairman of the Board of Directors, CEEP, AISBL

UPCOMING EVENTS:



3rd European Coal Days

CEEP organises, together with Members of The European Parliament - Christian Ehler and Bogdan Marcinkiewicz, EURACOAL, and the World Coal Association, the '3rd European Coal Days'. This event will take place on the 13th-15th of November, 2012, at the European Parliament, in Brussels.

The 'European Coal Days' include many high-level discussions and very important sessions. This year's highlights are:

- the International Round Table on Coal titled: 'Clean coal technologies – a worldwide perspective';
- a high-level dialogue: 'The social and regional dimensions of coal in Europe'; and
- a workshop: 'A prosperous world economy needs coal'.

For more information please contact at the email address: brussels@ceep.be

MEMORANDUM

Budapest - 12th of October, 2012

As representatives of energy companies from Central Europe, we welcome today's '29+1' conference which will hopefully lead to further dialogue with the European Commission, and notably with the Commissioner in charge of energy policy, Mr. Günther Oettinger. We believe that the strategic goals of energy security and sustainability can best be achieved in close co-operation with the Commission and fully support the original 2020 targets of the EU. Moreover, we want to be an active participant in the on-going dialogue concerning the EU Energy Roadmap 2050.

However, to ensure that such a partnership realises its full potential, the Commission is challenged to formulate adequate policy responses which affect the legitimate interests of the Central European economies. This finding is supported, among others, by the conclusions of the CEEP-commissioned 'Prague Report', prepared by Ernst & Young. The Commission is urged to take into account the possible risk of placing disproportionate burdens on the economies of the EU-11 when implementing energy policy, as each member state has different needs and requirements. In addition, we believe that it would be more conducive in the attainment of our common



goals, if the support of alternative technologies and energy sources better reflect existing realities and the ability of each member state to implement EU energy policy at the national level. We, therefore, would like to bring the following points to the attention of

the Commission:

1. Energy efficiency

We fully support the EU's objective of increasing efficiency at all stages of the energy chain, including measures that focus on the public

transport and building sectors. In order to better achieve this aim, we welcome and encourage the allocation of EU funds that will promote more efficient energy use.

2. Affordable energy

We are conscious of the need to ensure affordable energy prices, both for private and industrial consumers across the EU. Given the strong correlation between affordable energy and economic growth, we consider it crucial that the competitiveness of the EU-11 economies, which are still in a transformation phase, should be encouraged and not disproportionately burdened when implementing EU energy policy. This is why we believe it is essential that EU energy policy balances the objectives of energy security and sustainable development, whilst avoiding adverse effects on the competitiveness of European economies.

3. Emission Trading System (ETS)

We believe that the ETS has become a kind of European trademark and must be maintained. However, the stability and predictability of the ETS system remains crucially important. Therefore, the existing general approach until 2020 should be maintained, whilst

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Budapest - 12th of October, 2012

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forthcoming revisions should be used to fine-tune provisions to avoid 'a one-size fits all approach'. We maintain the position that prices for allowances should be regulated by market forces.

4. Renewable energy

(notably wind and solar energy)

We share the ambitious energy policy goals of the EU and are committed to fostering the production and reliable provision of renewable power from wind and solar. The prospects for wind power generation in Central Europe are good, due to considerable wind energy resources. Moreover, the large swathes of available land in Central Europe, and comparatively favourable climate conditions and easily available workforce, also provide good opportunities for the expansion of solar power. We look forward to working together with the Commission to encourage the further expansion of wind and solar power generation in Central Europe.

5. Biofuels

We are convinced that biofuels can make an important contribution to climate protection by helping reduce dependence on fossil fuels, and substantially cut CO₂ emissions in

the transport sector. This particularly applies to double-counting biomass which helps reduce CO₂ emissions, whilst avoiding the food vs. fuel debate.

6. Cleaner and more efficient coal technologies

We are also fully conscious of the need to foster cleaner coal technologies in view of substantially reducing CO₂ emissions, whilst preserving and enhancing the competitiveness of our industrial base. It is, therefore, important to make investments in cleaner coal technologies, enabling a reduction of CO₂ emissions with a minimum energy efficiency of 45%, as well as in Carbon Capture and Storage (CCS), and provide tax and other incentives for the construction of more efficient and cleaner-burning coal power plants.

7. Shale gas

As a region richly endowed with indigenous energy resources, we believe that unconventional sources of energy, such as shale gas, stand to play an increasing role in contributing to the EU's three key energy policy objectives of sustainability, energy security, and diversification, as its environmentally safe exploitation potential continues to be

explored.

8. Nuclear power

In some of our countries, part of the present or future energy production stems, or will stem, from nuclear power plants. In such cases, we are committed to ensuring the highest available safety standards, whilst addressing the continued challenges of decommissioning and nuclear waste management.

9. Social impact

Any solution concerning energy policy should always analyse the social impact and consequences of the proposed measures.

10. Internal EU market for energy

The internal EU market for energy should become a backbone for the European economy. Therefore, we support the Commission in its efforts to establish this market and to assist those countries which are still in isolated situations. Again, we recommend allocating sufficient EU funds for the creation of European logistic systems such as gas and crude oil storage and interconnectors, as well as electricity interconnectors and smart grids.

The next '29+1' Energy Summit

- During the '29+1' Conference in Budapest, the President of the Achema Group, Mr. Arunas Laurinaitis, invited the Chairman of Central Europe Energy Partners, Mr. Paweł Olechnowicz, to organise the next '29+1' Conference in Vilnius, in the second half of 2013, coinciding with the Lithuanian Presidency of the EU. He also invited the EU Commissioner for Energy, Gunther Oettinger, to participate in Lithuania within the same formula '29+1', as used in Hungary.
- Commissioner Oettinger tentatively accepted the invitation, and Chairman, Mr. Paweł Olechnowicz, confirmed that CEEP is 'ready and willing' to organise a second edition of the Conference in Vilnius, in close co-operation with the Lithuanian Presidency and with the participation of Mr. Oettinger.
- Further information concerning the organisation of this Conference will be presented to you in the next issues of the 'CEEP Report' in 2013.

CEEP supports the drive to re-industrialisation



In a policy paper presented on the 10th October in Brussels, the European Commission has attempted to re-launch manufacturing activity, and bring industries back to Europe. The idea is called 'Mission Growth: Europe at the Lead of the New Industrial Revolution' and is intended to promote the re-industrialisation of Europe. It sets out a new goal: to increase industry's share of EU GDP to around 20% by 2020, up from 15.6% currently.

The new policy direction of the Commission confirmed that the re-industrialisation of Europe has already taken place in several very important sectors, and that Europe has lost its leading position in the development of the world, although, according to the Commission, „Europe is a world-leader in many strategic sectors such as automotive, aeronautics, engineering, space, chemicals and pharmaceuticals. Industry still accounts for 4/5 of Europe's exports, and 80% of both Europe's exports and private sector R/D investments come from manufacturing.” However, as it is so good, why it is so bad? Why does Europe need a new industrial revolution?

The answer: European Commission Vice-President, Antonio Tajani, Commissioner for Industry and Entrepreneurship, said that we cannot continue to let our industry leave Europe. « Our figures are crystal clear – European industry can deliver growth and can create employment. Today, we tabled the conditions for the sustainable industries of the future in Europe, to develop the investments needed in new technologies, and to rebuild a climate of confidence and entrepreneurship. By working together and restoring

confidence, we can bring back industry to Europe” – stressed Commissioner Tajani in his presentation of the communication.

The strategy pinpoints six sectors with strong growth potential, for which the EU plans to ensure the key conditions for development – electric and hybrid vehicles ; advanced manufacturing technologies for clean production ; generic key technologies as bio-technological products, nanotechnology, etc ; sustainable industrial and construction products ; biological products such as plastic, etc ; and intelligent networks. The strategy is based on four foundation stones – innovation, market, capital and skills. A task force will be set up to monitor progress towards the targets.

The CEO of Central Europe Energy Partners, (CEEP), Mr. Janusz Luks, welcomed the new strategy, because the Commission has finally recognised the importance of a strong and competitive European industry.

The goal to increase manufacturing's share of EU GDP to a level of 20%, is ambitious but achievable, and the strategy addresses the right elements of a 21st century industrial policy for Europe's next generation. Only though, if related policies such as energy and environmental ones are aligned with ambitious goals. Therefore, we come to the important question as to the practical implementation of the project. In this context, the communication is not sufficient. It should cover all the related issues, from trade to restructuring. If not, then the new strategy of the Commission will become a 'Mission Impossible'. (mo)



Energy Policy within the EU: We need the right balance

By Günter Verheugen

When the new EU Treaty of Lisbon entered into force, energy policy became a shared responsibility between Member States and the Community. However, one important principle did not change. The national energy-mix remains the sole competence of the Member State. In such a situation, far-reaching ‘conflicts of interests’ are inevitable. We have countries in the EU which have strong resources of renewable energy – and these countries are not interested much in coal or gas; we have countries, which have an important share of nuclear energy in their national energy-mix, and they also have also little interest in other sources of energy, and finally we have countries, which still use solid fuels as a source of energy in very high quantities.

At the same time, we have even stronger economic disparities within the EU, and a major problem is the economic disadvantages of the ‘new’ EU Member States in Central and Eastern Europe, namely the EU-11, when compared with the EU-15. As a consequence of this lack of convergence, the EU-11 need robust growth rates above the EU average, and it goes without saying that energy supply at reasonable costs has to be a centrepiece of this policy. A more restrictive environmental policy can threaten the conditions for economic growth and therefore, the first and most important factor is the stability and

predictability of the framework conditions. In the EU of today, these conditions are basically determined by environmental considerations. They are determined by a very ambitious climate change policy, and not necessarily by economic needs.

Obviously, the reduction of CO₂ emissions has to be a priority for everybody, but as always, the question is whether the policy framework strikes the right balance. The different instruments of EU

climate policy have a different impact on individual countries, depending on their national energy situation. As investments in the energy sector can never be realised in the short-term, and because the investment circles are very long – a policy that ‘moves the goalposts’ by always changing

the targets, is a clear obstacle to much needed investment. To say it bluntly, ‘it is poison for the economy’.

We should not abandon our role as a front-runner in the global fight against climate change, however, we should design our policies in a way that carefully reflects the different conditions and opportunities within the the EU. What we really need is the right balance.



Consultation on review of the Auction Time Profile for the EU Emissions Trading System

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In our opinion, these countries which are below the red line should catch up with this level. It is easy to notice that only two countries from the EU-15 crossed the level, namely the UK and Germany. Central European countries are in a much better position, but one should take into consideration the need of investments in these countries to catch up with the rest of Europe, as in the last six years, no progress in this respect has been achieved (see graph below).

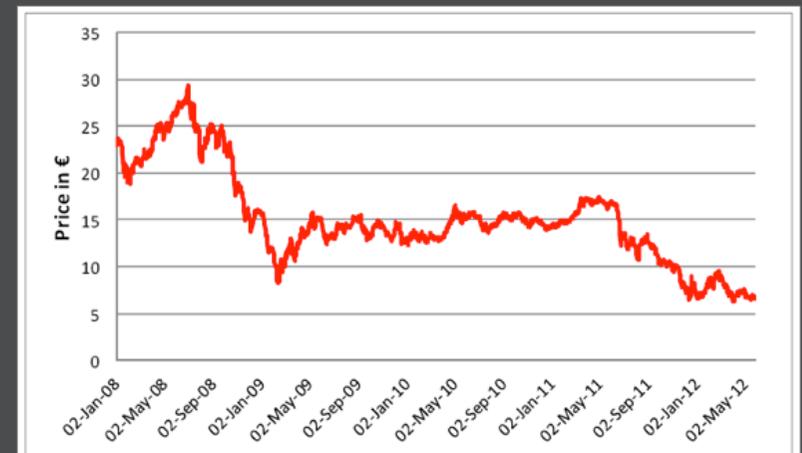
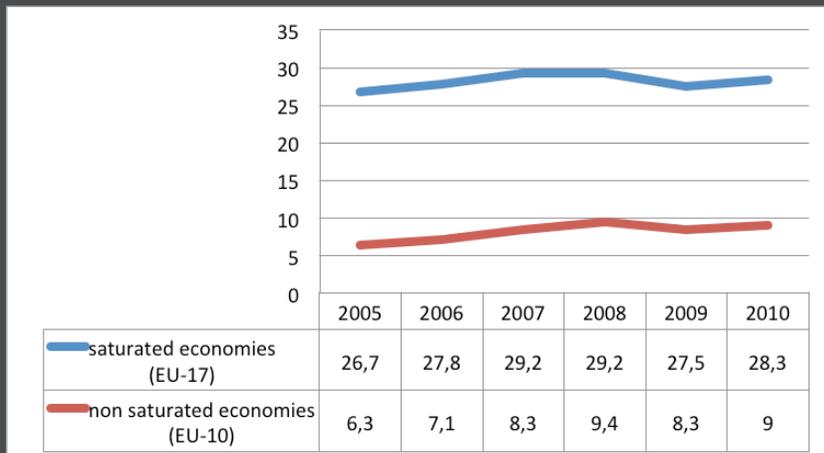
We do understand that new investments entail more CO₂ emissions, but if we apply the state-of-the-art technologies, we can achieve an increase of production as well as a decrease of CO₂ emissions. As a very good example, we can point to investment into new coal-powered plants replacing the old ones. Energy efficiency of the old power plants is around 30%, whilst the new technologies enables us to achieve energy efficiency at the level of more than 45%. This means a reduction of CO₂ of over 30%. We realise that not in each sector of industry such high possi-

CO₂ means deeper CO₂ reductions and all is regulated by market forces.

As is shown above, the European Commission's proposal for changes in the volumes of greenhouse gas emission allowances in the period: 2013-2020, is both unacceptable due to a negative impact on the EU economy, and unnecessary, because of a lack of risk in order to achieve a 20% reduction in CO₂ emissions by 2020 in the EU.

bilities exist, but there is no other way as to become more competitive and reduce unemployment. Still, we want to underline that Central European countries, investing more will reach the CO₂ reduction target, as per the existing directive.

We are of the very strong opinion that we should remove all obstacles (observing environmental regulations) to enhance investments. As we observe, the price of CO₂ is very much connected with the pace of investment, not only because of the economic crisis in the EU, but also due to economic calculations. On the graph below, please see the price of CO₂ in recent years. Please note that the lesser price of



Source: Intercontinental Exchange. Data for front-year futures contracts with delivery in December.

Energy Security: Polish – German views



The seminar ‘Energy Security in Central and Eastern Europe: Polish and German Perspectives’ was organised in Warsaw, by the Polish Institute of International Affairs (PISM), in co-operation with the German Institute for International and Security Affairs (SWP), and Konrad Adenauer Stiftung. The meeting of the Polish and German experts focused on crude oil supply, the gas market, integration of the electricity market and the prospects for EU climate policy.

Experts discussed the present situation in the European refining sector and talked about the energy policy of the Russian authorities as well as the investment plans of Russian oil companies in Europe. Cezary Filipowicz, (former Vice-President of the Management Board, PKN Orlen), with a strong background in dealing with Gazprom, underlined that the expansion of Russian oil companies on the European market (in particular, the German market) and launching the oil pipeline BTS 2, which helps Russia reduce dependence on transit of oil through third countries, may have a negative impact on the free EU energy market. Although the activity of the Russian firms in the oil sector is a daunting challenge for Polish energy security, the expansion of Russian oil companies may be more dangerous in the long-term for Germany. One German speaker, Jonas Grätz (Senior Fellow, Center for Security Studies, ETH Zurich), disagreed, claiming that Germany gets only 40% of its crude from Russia, has a relatively new supplier in Saudi Arabia and still receives 25% from EFTA countries. The strongest warning was reserved for the Druzhba pipeline, which could be closed in certain sections, and has

an endangered future. It was also made clear that the completion of the Odessa-Brody pipeline project would change the pattern of oil supply to Poland and other countries, reducing Poland’s present 90-95% supply of crude oil from Russia. However, both panelists agreed that a ‘major negative’ in the developing situation was the closure of refineries, and Grätz reflected that the “Commission is still looking at this development as an economic issue rather than a security one”.

Participants in another session drew attention to the process of implementation of the Third Energy Package by EU member States. They also considered Russia’s policy, as well as the perspective of external diversification of sources of gas. Experts analysed the development of transport and storage infrastructure in Poland and Germany (Nord Stream, LNG terminal in Świnoujście, interconnections) and its impact on the state of the energy security of both countries. They also talked about opportunities and risks associated with shale gas exploitation. Tomasz Chmal (energy expert, Sobieski Institute, Poland) suggested that German observers should be present at the Polish hydraulic fracturing process as, this would help ease fears about the dangers of shale gas extraction.

The session on the electricity market in Europe focused on the barriers to further integration of this market. Professor Christian C. Juckenack from the University of Applied Sciences, Erfurt, underlined that the main obstacle to integration is the lack of sufficient cross-border infrastructure. The discussion also touched on the influence of national policies

on the internal electricity markets, i.e. actions to promote ‘national champions’ by Member State governments. Experts also considered the impact of national decisions, concerning Member States’ energy-mixes on neighbouring power systems. An important factor was raised when the EU’s Energy Commissioner, Günther Oettinger, was quoted as declaring recently, that “we need another 20% goal: re-industrialisation”.

The last part of the seminar focused on the long-term climate and energy policies of the EU. The experts discussed the possibility of reaching the goals of the ‘2020’ programme. They also talked about the real determination of the Member States to pursue climate-friendly economic policies. It was noted that the European Commission set very ambitious goals, which are extremely difficult to reach. Additionally, a lack of political decisions on climate-change issues, together with low prices on emission allowances, makes it more difficult for businesses to take investment decisions. With a current lack of political will to take decisions on long-term climate-policy objectives, the strong determination to set targets was questioned by nearly all the panellists, who felt “they were not being taken seriously”, in the words of Oliver Geden (Senior Associate, SWP). In terms of energy efficiency, the situation varying widely with Poland’s energy consumption rising, whilst Germany’s was falling. The panellists agreed that Poland faces an internal challenge to create mechanisms for energy efficiency, and that the government needs to issue more rules and guidance.