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Lithuania's drive for a free energy market



Jaroslav Neverovič, Minister of Energy for the Republic of Lithuania

by Jaroslav Neverovič

My main priority is a free market based on transparent European rules in all energy sectors.

Politically and economically, Lithuania is an integral part of the European Union: unfortunately, the same cannot be said when speaking about the energy sector. I think it is obvious to everyone, that energy has become a major component of geopolitics, and the result of these circumstances is that the energy sector is largely politicised. These processes take place, not only in Lithuania, but also in other countries, and it is usual that it affects international relations. We do not have an opportunity to choose from where to import necessary energy resources such as oil, gas or electricity, because Lithuania is still strongly dependent on a single external energy supplier.

We cannot possibly speak of a fully-fledged single EU energy market with common rules, until we have a physical, functioning infrastructure interconnecting between EU countries. That is why the decision that was made by EU officials in 2011 – to create a common European energy market up to the end of 2014, and to eliminate energy islands by the end of 2015 – is of utmost importance to Lithuania. I suppose that implementation of the Baltic Energy Market Interconnection Plan is a significant step towards the end of Lithuania's energy isolation. The Lithuanian Government is now reviewing what has already been done, and will seek swift and effective results in the implementation of strategic projects.

The indisputable fact is that all Lithuania's strategic energy projects are significant to the entire Baltic region: the Lithuania-Poland pipeline, which will connect the Baltic states with the rest of the EU countries; the

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NordBalt energy transmission cable interconnection between the Baltic region and Scandinavia; and the LitPol Link high voltage energy transmission interconnection that will link the Baltic countries with Western Europe. This is necessary infrastructure that will allow the Baltic countries to integrate into a European continental network in the future. These projects will not only create an alternative energy supply, but will also allow the Baltic region to become a full member of the EU's energy system. I think that it is necessary to strengthen co-operation between Lithuania and Poland on one hand, and Lithuania, Latvia, and Estonia on the other, as this co-operation is essential for effective decision-making while implementing European projects. It is without question that Poland is an important partner for infrastructure project development, in geographical as well as geopolitical terms. The Polish-Lithuanian partnership in energy, as well as transport infrastructure development, would serve not only the interests of the two countries, but would also favour two regions – the Baltic and Central Europe. The development of Lithuanian – Polish relations should be based on good neighbourly attitudes, partnership, and mutual benefit.

We are on the right track to resolve interconnection issues, but the issue of competitive electricity generation still remains unsolved. We have to deal with

this issue from the regional perspective. We have to evaluate, not only how we are going to develop our energy sector in the future, but also how to evaluate regional energy sector development. It is important to consider what the energy system across the region will look like in ten years, and what role will Lithuania play in the regional and common European electricity market.

The new Lithuanian Government will focus on both local energy resources and biomass production, and will seek to promote competitive trade in these areas. The Government has declared the liquefied natural gas terminal project in Klaipeda as one of its main priorities. The creation of real competition and an effective market for trade in electricity and gas is the main purpose behind this.

I truly believe that we will be able to take care of our future by adapting the best practices of other countries, and by co-operating with our partners. As the Minister of Energy, I can only stress that my main priority is a free market based on transparent European rules in all energy sectors.

Jaroslav Neverovič
Minister of Energy for the Republic of Lithuania

ENERGY AT THE REICHSTAG

By Arash Duero

The 33rd Energy Dialogue at the Reichstag at the invitation by Professor Dr. Friedbert Pflüger, Janusz Reiter and Central Europe Energy Partners (CEEP), discussed 'The EU, the German renewable energy law (EEG) and the energy-intensive industry' on the 18th January, 2013.

Gert-Jan Koopman, Deputy Director-General for State Aid, DG Competition, at the European Commission, and Peter Willbrandt, CEO of Aurubis AG in Germany, a leading integrated copper group and the world's largest copper re-cycler, discussed the competitiveness of the energy intensive industry in Europe, in an effort to meet the renewable energy targets of the EU. In light of the shale gas revolution in the U.S., reasonable energy prices in Europe are essential for European industry to be competitive internationally. Willbrandt fears a rise of energy costs should the German renewable energy law (EEG) surcharge drop. Koopman discussed the compatibility of the EEG with EU competition law, and the consequences which Germany could face if the EEG is to be in conflict. DG Competition is to institute proceedings against Germany in February 2013.

The EU's Energy System Change

2nd BBH European Energy Conference, Brussels, 24th of January, 2013

By Marcin Bodio

“The question of energy is becoming vital in today’s world. This is a complex issue – especially for Europe. A sustainable EU energy policy – one we all are striving for – has to reflect three main goals at the same time: it has to further competitiveness, sustainable development, and the security of supply. While energy security concerns may vary from country-to-country, there exists a strong, common interest to make sure that Europe can access energy at reasonable costs, consume it in a sustainable way, and manage it in a collective manner” – said Mr. Olechnowicz, Chairman of the Board of Directors of CEEP, one of the key speakers during the Conference. The Conference’s aim was to answer the question of how to move from a roadmap to regular practice in an energy system change. A lot of high-level representatives of EU institutions, national administrations, energy companies, and experts took part in this important event. Mr. Olechnowicz’s speech, was the only contribution from Central Europe, presenting regional challenges and views.

Mr. Olechnowicz stressed that the ‘Energy Roadmap 2050’ gives much reason for concern because it adds to the divisions between the



Paweł Olechnowicz, Chairman of the Board of Directors of CEEP

so-called ‘old and new Europe’, thus consolidating inequality. It is in our common interest, he argued, that the two parts of the continent

form a uniform, balanced and rapidly-developing economic area, as soon as possible. The situation is even worse, if you look into a lack of certainty over the economic and political outlook for the coming years, as being a major barrier to making changes towards a low-carbon energy system.

The Chairman of CEEP’s Board of Directors clearly put across the position of the association he represents: “Central Europe Energy Partners and its’ members fully support a long-term climate and energy policy, leading to a decrease of CO2 emissions. According to us, in this long trip up to 2050, we should realise the differences between economies in each

EU Member country, their accessibility to the sources of energy, fossils as well as renewables, determined by geographic locations. Social impact should not be ignored as a very important economic driver. The importance of the price of energy should not be ignored either, and all policies concerning ETS should be very consciously thought through, and market factors should not be denied, whilst any intervention into ETS regulations seems to be very dangerous, especially that the target of a 20% decrease in CO2 by 2020 will be achieved by the EU, without any doubt.

We can accept the leading role of the EU in CO2 emissions’ reductions, but global co-operation is very much needed to reach a universal solution to this issue – the EU cannot make one-sided obligations”, he asserted.

Mr. Olechnowicz’s remarks were met with understanding and sparked a lively discussion at the Conference. It was yet another high-level occasion when CEEP was able to convey its message and represent the Central European region where it matters most.

Marcin Bodio
 Director, Planning&Research Co-ordination
 Central Europe Energy Partners AISBL

The winding road for Polish shale gas



Bogdan Marcinkiewicz, MEP

By Bogdan Marcinkiewicz

The European Parliament has adopted its position, after a heated debate, on the possibility of extracting shale gas in Europe. This position is a compromise solution, the result of the work of two committees and therefore, is ambiguous. The Report Committee on Industry, Research and Energy emphasises the importance of shale gas potential and supports the possibility of its extraction, not only in Poland, but also in the entire European Union. The Report from the Environment Committee,

meanwhile, reports a number of reservations and concerns. In this ongoing debate, supporters and opponents do not hear each other.

Shale gas is for all of us, 'a novelty'. Of course, each novelty awakes in us some fear of the unknown, but also opens up possibilities.

An extraordinary opportunity has opened up in front of the European economy. It is the potential access to their own energy source. The mere possession of natural gas reserves does not guarantee, in itself, major economic progress; this will be determined from one side by the amount of the extracted and economically viable gas, and from the other, by the effectiveness of the acquired knowledge, and the development of European extraction techniques. The prospects for gas production in Europe are different than in the U.S., so no one today is promising that shale gas will make Europe independent from imports: simply, however, that it will be both stable and replace the declining supply of gas from conventional sources.

The main and positive effect for Poland and the EU is a reduction in gas prices. Thanks to hydrocarbons from the shale deposits, two economic factors will be readily noticed in Poland and the European Union: the increase of GDP, and a fall in unemployment. It is estimated that within 10 years, employment in the sector and related industries to shale gas and oil, will cause the growth of new jobs in the country to the level of about 155 thousand. This baseline scenario assumes that Poland will be collecting shale gas from approximately 500 wells per year. Large increases also should be noted in the chemical industry, for which, gas is one of the basic raw materials. As a re-

sult, European companies will become more competitive in the global market. During the debate in the European Parliament, the Commissioner for Energy, Gunther Oettinger stressed, that: "The U.S. are less dependent from natural gas imports, due to large quantities of shale gas, which are produced domestically. At this time, the price of gas in the U.S., constitutes one-fourth to one-third the price of gas on the EU market. Thanks to shale gas, the flexibility associated with long-term contracts is rising." Extraction of shale gas in Poland can improve the security of gas supply, but probably will not lead to a big decrease in oil prices, before 2020. Drilling will in turn, significantly expand the knowledge of the geological structure of Poland. It means not only the possibility of the discovery of shale gas and oil deposits, but also other raw materials, about whose existence we do not know much today.

Next to the positive aspects of shale gas extraction on the industrial scale, there are certain doubts regarding its impact on the environment. The concerns mainly relate to the available technologies and operational practices in the production of shale gas, the possibility of ground water contamination from drilling leaks, and chemicals which are used for shale gas extraction operations. However, the European Parliament sees the need for dialogue with local communities, and a robust and transparent regulatory system.

Shale gas – thinking about the future.

It is worth noting that international companies from the oil and gas sectors should be constructed in such a way that their presence in the region must be economically and financially justified. It is also important to maintain competitiveness, in

The winding road for Polish shale gas

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comparison with other regions. The decision on the location of the new investment is not easy, and can be changed very quickly under the influence of low-promising investments. In addition, these companies have a strong 'group mentality' when it comes to involvement in new prospective regions. It is characterised by the early 'land fever', when firms gain many licenses in new areas, after which, they need from 1 to 4 years to check the geological situation and climate before investing. If we do not see success on the horizon, or there is a lack of favourable circumstances, or the investment climate is negative, it is not uncommon that companies withdraw themselves from these projects and transfer into other, more promising regions.

Recently-discovered shale gas resources in Africa, and the lifting of a moratorium on shale gas extraction in the UK, along with a lack of regulatory burdens, free licenses in Spain, low costs of production and lack of bureaucracy in other parts of the world, can all serve to reverse the interest levels of investors from Europe. Such a scenario, though unwanted, must be carefully analysed by the Polish Government.

19TH ROUND TABLE ON COAL

By Bogdan Janicki

On the 22nd of January, 2012, Members of the European Parliament, Mr. Bogdan Marcinkiewicz and Dr. Christian Ehler, organised, in the European Parliament, the 19th Round Table on Coal, titled: 'CO₂ Capture and Storage: Infrastructure of "Common Interest"'. Central Europe Energy Partners together with Euracoal, are regular partners and co-organisers of these events.

In his welcome speech, Mr. Marcinkiewicz stressed that Europe is still a global leader in clean coal technologies, and their usage should be further explored and developed. In his opinion, CCS projects are a 'melody for the future', as there are a lot of doubts concerning social acceptance, financial possibilities, and storage potential. He also stressed that some inexplicable decisions of the EC can stop enormous environmentally-friendly investments. As an example, he mentioned the under-threat EDF coal power plant in Rybnik (Poland), estimated at 1.8 billion EUR, which aims to replace old plants, which can lead to CO₂ reductions in emissions by around 30%.

Key speakers during the meeting were Prof. Ulrich van Suntum, University of Munster, and Mr Marek Kłoczko, Secretary-General of the Polish Chamber of Commerce. According to Prof. van Suntum coal provides 16% of the EU-27's primary energy, and is not the only source of CO₂ emissions. "It should be equally and fairly treated as with other energy resources", he demanded. Mr. Kłoczko, in his presenta-



tion, compared EU activities with global energy trends. He warned that the EU will not succeed with climate change, fighting for it as a lone voice. Changes in the ETS system proposed by the EC are destabilizing market mechanisms and are hitting one of the principles of the EU.

During the discussion, a lot of voices were raised from Central Europe, particularly from Tauron Polska Energia – a CEEP member, and by CEEP itself. Green party members from various countries were also active. Most of the participants of the meeting came to the conclusion that EU activities need a global approach to succeed.

The next Round Table on Coal will be held in April.

CEEP's representative - a new member of the Coal Industry Advisory Board (CIAB)

Central Europe Energy Partners (AISBL), is proud to announce that Mr. Jarosław Zagórowski, President of the Management Board of Jastrzębska Spółka Węglowa S.A. (JSW S.A.), and Vice-Chairman of the Board of Directors, CEEP, has been appointed as a member of the Coal Industry Advisory Board (CIAB).

A member's term on the Coal Industry Advisory Board is three years, and may be renewed by the Executive Director of the IEA. The mandated expiration date is predetermined by the IEA for all members. The decision to choose Mr. Jarosław Zagórowski, as a member of the Coal Industry Advisory Board was approved at the CIAB's Annual General Meeting, which took place between the 24th and 25th October, 2012.

Coal Industry Advisory Board (CIAB)

The Coal Industry Advisory Board (CIAB) is a group of high level executives from coal-related industrial enterprises, established by the International Energy Agency (IEA) in July 1979, to provide advice to the IEA on a wide range of issues relating to coal.

Currently, CIAB Members (normally about 45) are drawn from 20 countries, accounting for over 85% of world coal production. Members also represent major electricity producers, together with other coal-consuming industries

and coal-related organisations.

Members meet annually, and their Associates actively progress the CIAB's work programme throughout the year. The CIAB supports the IEA in delivering its responses on climate change, clean energy, and sustainable development, as well as advising on issues for coal relevant to world energy security.

The CIAB provides a wide range of advice to the IEA, mainly through its workshop proceedings, publications and papers. In its role as adviser to the IEA, the CIAB has provided a statement on 'The Role of Coal in the Post-2012 Greenhouse Gas Reduction Agreement', outlining the key elements that it believes governments must include in the new agreement, if it is to successfully enable the world's use of coal to be compatible with greenhouse gas reduction objectives. In 2010, the CIAB also produced a report: 'Power Generation from Coal: Measuring and Reporting Efficiency Performance and CO₂ Emissions', as an aid to assessing information on the energy efficiency of coal-fired power generation. Its latest publication is: 'The Global Value of Coal', which highlights the past and potential future benefits of global coal use.

The CIAB also summarises recent coal policy developments, together with its policy advice to the IEA, in its annual 'International Coal Policy Developments' report.

PROFILE OF MR. JAROSŁAW ZAGÓROWSKI: Vice-Chairman of the Board of Directors, CEEP

He began his career in the Ministry of Foreign Economic Co-operation, starting in 1995, and then moved to the Ministry of the Economy in 1997, where he worked in many various positions over 10 years. He was the Adviser to the Under-Secretary of State, linked to the establishment and realisation of the country's policy in the steel, coke and mining industries, and was Deputy Director of the Department of Industrial Restructuring, responsible for the coal mining sector.

In 2003, Jarosław Zagórowski joined JSW S.A. – firstly, as a Member of the Supervisory Board, and then as the Chairman of the Supervisory Board, and more recently as the President of the Management Board since March 2007.

He graduated from the Silesian University of Technology in Gliwice, with two degrees: in 1994, the first



in mechanics, technology of engines and production processes at the Faculty of Mechanical Engineering, and in 1998, in the management of enterprise and marketing at the Faculty of Organisation and Management.

Holder of a number of awards and titles, in 2010, he was awarded the title of 'Changer of Polish Industry'.

What is the future of Polish mining?

By Jarosław Zagórowski

Coal mining has to be prepared for a more difficult period than last year. We will see if last year, which was rather favourable for coal mining companies, strengthened their position, or only raised their costs. It is the cost of production that will soon determine the competitive position of coal producers, in relation to each other and to imported coal.

Poland adheres to the regulations, and so there is no possibility of an administrative suspension of coal imports. In most parts of the world, coal is mined in an open-cast way. The only effective defence against imported coal is to maintain a tough costs regime and at the same time, improve the cost-efficiency of mining companies. We should also keep an eye on the level of investment, as an appropriate level of investment in the mining industry, creates jobs in the sector and guarantees the energy security of the country.

I believe that in spite of the less than favourable EU policy towards coal nowadays, it will still occupy the leading position in Poland's energy-mix, largely due to the historical development of the country's energy system, based on domestic coal and lignite resources. It is of crucial importance to convince the EU that a 'one-size-fits-all' policy does not, in fact, fit all EU countries. Natural resources vary, so there is a di-

versification when it comes to energy systems; Scandinavia relies on water, France on nuclear energy, Denmark on wind, whilst Poland and Germany rely on coal. We need to invest billions



in the decades ahead to adapt existing energy systems to the cleaner and renewable energy sources available.

It seems that the EU is increasingly aware that the decarbonisation policy is not about eliminating carbon from the energy-mix, but about improving the efficiency of energy systems and the implementation of new combustion tech-

nologies reducing CO₂ emissions.

In my opinion, Silesian mining is facing threats, but also opportunities for development. However, a key condition for this development is the ability to use all the resources in the sector. There's still room for increasing the effectiveness of Poland's coal mining sector through modernisation, (the use of modern and more reliable equipment), improving work organisation, and better co-operation with science, in order to overcome natural risks.

Work organisation still needs to be improved in the Polish mining industry. It should be about making better use of the capital involved - experienced employees, as well as the assets of the company. Today, all over the world, work in mining goes on uninterrupted, thereby reducing unit costs. Polish miners talk about working for six days a week, more and more. At the same time, it must be remembered that the employee, according to the labour code can only work for five days.

Bogdanka and the Silesian mine in Czechowice have already followed this path, and the results can already be seen. Change is inevitable, and must be implemented with the understanding and support of all parties - the employees, the trade unions, management of the companies, suppliers, customers and the surrounding region.

Both management and trade unions must understand, that in times of economic slowdown, the common interest is the preservation of viable jobs. The Ministry of Economy in co-operation with the mining sector, should identify barriers to the development of mining and improve efficiency. I mean both legal barriers and organisational ones. Then, one will be able to chart the programme for the future.

I also think that capital ties of coal and energy producers are inevitable in the future. Such a relationship already exists between lignite and energy producers. Closer co-operation, joint investment policy and cost optimisation, within a single entity, will be required to maintain a competitive level of energy prices produced from coal, in relation to energy from other sources.

Jarosław Zagórowski

President of the Management Board of JSW S.A.,
 Vice-Chairman of the Board of Directors
 of Central Europe Energy Partners AISBL

Shale gas revolution, the energy price-divide and the comeback of American industry

By Friedbert Pflüger

The American shale gas revolution will shift the global power balance back in the U.S.'s favour. We are now facing a profound industrial renaissance in the U.S. which will have an enormous impact on the global economy, including the EU's industry. Given the fact that gas prices in the U.S. are only a third of what European customers pay –3.5 USD instead of 10 USD per million British thermal units – we may face an exodus of energy-intensive industries from the continent: and this process has already begun! SGL Carbon, one of the world's leading manufacturers of carbon products, has announced it will build its new factory in Moses Lake, Washington, instead of Germany, as it had initially planned. If policy-makers do not take action, it will only be a matter of time before other companies follow suit. Rising energy prices in the EU could seriously jeopardise the globally-recognised success of European industry.

In the U.S., on the other hand, the good news just keeps getting better. Royal Dutch Shell, for instance, is planning to invest several billion dollars in a new chemical factory in Pennsylvania, the Egyptian giant, Orascom, and Illinois-based CF Industries will construct additional fertilizer facili-



Friedbert Pflüger

Methanex Corp., which closed its last chemical plant in the U.S. in 1999, will re-locate a methanol production plant from Chile to Louisiana for half a billion USD.

The International Energy Agency (IEA) recently predicted that the U.S. will surpass Russia to become the world's largest natural gas producer in 2015. According to analysts, the impending gas glut will keep U.S. gas prices under 5 USD for at least a decade. This could set in motion a development that has not been seen since the Industrial Revolution. The U.S. chemical industry, for which gas is a necessary feedstock, is not the only industry to profit from the shale gas boom; other energy-intensive industries such as aluminum, steel, and paper are also getting a competitive boost.

ties valued at several billion dollars and Williams will invest about 400 million USD to expand its ethylene capacity at a plant in Louisiana.

Moreover,

Europe should take careful note of this development. The Trans-Atlantic energy price gap should not be allowed to expand even further. Climate policy is, and will remain, a centrepiece of EU policy. However, it will only retain widespread public support if it does not lead to higher energy prices, which may sooner or later, undermine the EU's industrial base, lead to job losses, and consequently to social unrest.

In light of this, certain EU Member States should perhaps re-examine their stance with regard to the exploitation of their own considerable shale gas reserves. Undoubtedly, the safety of the fracking-technique used in shale gas extraction must be proven first. Even if it turns out that domestic exploitation is not the best option, the EU could still make a significant contribution towards developing safer fracking techniques, given high environmental standards and cutting-edge technology. However, a broad dismissal of shale gas, before even having explored its potential, is surely the wrong approach.

Candour is all the more necessary, since even American oil production is exhibiting revolutionary tendencies that are further reinforcing the U.S.'s competitive advantage. The U.S. (excluding Alaska and Hawaii) has estimated proven shale oil

reserves of about 24 billion barrels; this roughly corresponds to about four times the reserves of North and South Sudan. According to a Harvard study, U.S. oil production is expected to reach almost 12 million barrels a day, more than the current daily output of Qatar, Kuwait, Venezuela and Mexico combined! U.S. oil imports from the MiddleEast have already shrunk by a third. Fatih Birol, the IEA's Chief Economist, predicts that the U.S. could largely be independent of fossil fuel imports as soon as 2017.

What climate policy implications has this development had? Paradoxically, CO₂ emissions in the U.S. have decreased by 9% since 2007. This is primarily a result of the shale gas revolution which has increasingly replaced coal in energy production, as well as higher energy efficiency standards for automobiles and buildings. Bring smart grids and planned investments in efficiency enhancement measures into the picture, and the U.S. may finally make a substantial contribution to climate policy.

Friedbert Pflüger is Professor and Director of the European Centre for Energy and Resource Security (EUCERS) at King's College, London, and CEO of Pflüger International Consulting. He is also a senior advisor to Central Europe Energy Partners (CEEP).

“Energiewende” - German Government reports on the implementation of its energy transformation policy

By PW

German energy policy is increasingly being influenced by a diverse and growing number of factors and influencers, including a powerful group of renewable energy supporters. The result is the adoption of a policy to transform the nuclear- and fossil-fuel-dominated energy system into one based predominantly on renewable energy sources by 2050. The transition has been coined the ‘Energiewende’ (‘energy shift’). After the Fukushima nuclear disaster of 2011, proponents of renewable energy became dominant in Germany’s energy policy arena. Consequently, the ‘Energiewende’ has been taken up as a broad societal challenge, pursued by political parties across the political spectrum and actively supported by a large part of the German public.

The ‘Energiekonzept’ (Energy Concept), published in September 2010, sets out the direction for the ‘Energiewende’. It was published before the decision to close down all nuclear power plants in Germany, but it remains the ultimate guideline for the German energy future up to 2050 (with other government directives as of 2011). The main goal is that: “Germany should become one of the most energy efficient and environmentally-

friendly economies of the world”. This is to allow the German economy to gain the leading edge in world competitiveness.

To underline the transparency of the Energy Concept implementation, the German Government established in 2011, a monitoring process called ‘Energie der Zukunft’ (Energy of the Future): the two leading federal ministries (Economics and Environment) are to present a joint report (on a yearly basis) and a summing up one, every three years. These are to be accompanied by a report from four leading, independent, German energy experts.

On December the 19th, 2012, the Federal Minister for Economics and Technology, Dr. Philipp Rösler and Federal Environment Minister, Peter Altmaier, presented the first monitoring report ‘Energy of the Future’. The Federal Cabinet had adopted the report earlier the same day. The report finds that “the transformation of the energy system, a task for several generations, has made progress and laid the right foundations in the implementation process of the ‘Energiewende’, but – at the same time - some challenges are yet to be addressed”. The first monitoring report makes it clear that the transformation of the energy system will do Germany some good. The move towards a new, re-

generative energy supply will make its economy more innovative and competitive. Energy consumption is decreasing (by 5% in comparison to 2011, and that despite an increase in economic growth), renewable energies are contributing more and more to supply (almost 25% of the energy – mix, by 2020 - 35%, and by 2030 – 50%), greenhouse gas emissions are being cut, and supply security is ensured. The most important task for the future, according to the report, is to keep energy secure, and above all, affordable. As for today, 160 operations have contributed to the implementation of the ‘Energiewende’. The most important of these are many new energy laws altering the existing Renewable Energy Law (EEC), strengthening the position of renewables in the German energy-mix. The first monitoring report points out that in the years 2008 – 2011, energy efficiency increased by 2.0% yearly – but more still has to be done in order to reach the planned goal of a yearly increase of + 2.1%, up to 2020.

Although the position of renewables in the energy-mix is increasing as planned, there is a dangerous side effect to this: the cost of this energy supply is increasing too, and is to be paid by the customers. In this case, two basic actions have to take place: further changes of the EEC Law and integration of the energy market and system. The build-up and integration of the

“Energiewende” - German Government reports on the implementation of its energy transformation policy

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power-lines is a must. This is especially important to the South of Germany, where a lot has been done in order to save energy in housing and transportation (a yearly decrease of 3.1 % in the years 1999 – 2010).

One of the most important statements of the report is: the security of energy supply of Germany in 2011, was not in any danger – as in all other years. Germany remains one of the most secure states in Europe, in terms of electricity supply. The energy capacity in 2011 was 8.4 GW. This situation allows Germany to further its electricity exports. Bearing in mind the possible higher costs of electricity, the report underlines the willingness of the Federal Government to monitor and take counter measures in this respect.

The report of the four leading, independent German en-

ergy experts is not so optimistic yet. Their main attention is devoted to the issue of energy costs (in a wide spectrum). The experts point out – as well – that the legislative process of implementing the ‘Energiewende’ is not on track. They make it clear that the success of the ‘energy shift’ cannot be measured only in terms of renewables. They raise ‘alarm bells’ by saying that the security of energy supply of Germany is in a critical state. Pointing to the South of Germany, this is especially true. The Government should devote even more attention to all aspects of power lines. The experts suggest that the issue of energy efficiency should be more central to the activities of the federal and states authorities. Reading this report one may even form the impression that big question marks hang over the success of the ‘Energiewende’.

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