



European Climate and Energy Policy and Strategies for Poland

Conference Report

On December 16th, 2008 the Center for International Relations (CIR) in collaboration with the Konrad Adenauer Foundation (KAS) in Poland hosted an international conference 'European Climate and Energy Policy and Strategies for Poland'. The conference brought together a group of excellent speakers from Poland and abroad. It was attended among others by numerous analysts, diplomats, politicians, business representatives and media.

On opening of the conference, the CIR's president - Eugeniusz Smolar - welcomed the participants and gave a brief outline of the objectives of a CIR's project dedicated to climate change, implemented in collaboration with the Institute for Sustainable Development and with the support of European Climate Foundation, which included the organization of the conference. President Smolar expressed his hope that the conference will help to consider in what direction the energy policy and climate policy should go. He thanked the co-organizer - Konrad Adenauer Foundation in Poland and the Conference Partners - Operator Logistyczny Paliw Płynnych and Access Industries for the cooperation and support of this event and passed the floor to the Deputy Prime Minister and the Minister of Economy, Mr Waldemar Pawlak.

Deputy Prime Minister gave a first inaugural speech, pointing out that the debate over energy policy should be conducted in a very broad formula with a particular focus on climate protection. Deputy Prime Minister Pawlak reminded that the Ministry of Economy leads a wide dialogue on global sectoral cooperation and inter alia in November 2008 in Warsaw organized a conference entitled 'Summit on sectoral cooperation, attended by representatives of 20 countries with the highest CO₂ emissions rates, and representatives of energy-intensive industries. He stressed that in the negotiations on EU climate and energy package Poland presented the position of the new EU member states and was able to build a coalition around it, so that a compromise could be worked out taking into account the specific situation of countries with energy based on coal. Deputy Prime Minister Pawlak highlighted the fact that the Ministry of Economy, while drawing up the 'The Energy Policy of Poland to 2030' ("Polityka energetyczna Polski do 2030 roku") document, focused on key issues of energy efficiency, energy security based on domestic energy sources, increasing the use of renewable energy sources and reducing the impact of energy industry on the environment. He also stressed the importance of innovative solutions of effective and low-emission coal use (Carbon Capture and Storage technology, CCS, among others) and fuel cells.

In the second keynote speech, the Minister for Environment, Maciej Nowicki, expressed his satisfaction from the fact that the outlined by Deputy Prime Minister Pawlak Polish energy policy priorities are in line with the position of the Ministry of Environment. He added that in the current situation it is necessary first of all to save energy, develop renewable energy sources and clean coal technologies. Minister Nowicki stressed that the December 2008 summit in Brussels and the COP 14 in Poznan have given the issues related to energy policy and climate high priority. Referring to a conference in Poznan Minister Nowicki stressed that it was aimed at the presentation and narrowing of the positions of the negotiating parties and groups of countries and to determine the field for further negotiations. Professor Nowicki

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Prof. Jan Barcz, amb. J.D. Bindenagel, dr Henryka Bochniarz, dr Zbigniew Brzezinski, dr Erhard Busek, prof. Jerzy Buzek, prof. Hanna Gronkiewicz-Waltz, dr Daniel Hamilton, prof. Ludger Kühnhardt, prof. Zbigniew Lewicki, prof. Zdzisław Najder, dr Andrzej Olechowski, prof. Dariusz Rosati, prof. Wojciech Sadurski, prof. Fritz Stern, dr Hanna Suchocka, dr Jan Szomburg, prof. Jan Zielonka

pointed to the creation of an adaptation fund for developing countries as one of the achievements of the conference, which proved to be a success. The Minister said that the talks in 2009 will be devoted to working out the text of a future global agreement on climate protection, which is scheduled to be signed in Copenhagen in 2009. He stressed that the success of the future agreement will depend on the commitment by key countries: the United States, China and India. He also noted the importance of technology transfer and increasing the training of specialists (capacity building) in developing countries, among others by the means of granting scholarships.

The next speaker, Stephan Raabe, the Director of the Foundation Konrad Adenauer Foundation in Poland, by way of introduction presented from the German perspective eight short thesis relevant to the discussion on energy and climate policy issues:

1. National energy and climate policy is currently inadequate - a long-term interests in the EU can be guaranteed only by a common energy policy, which at the same time is a prerequisite for a common climate policy.
2. Interests in Europe are defined by the triangle of objectives: a secure supply of energy, efficiency and environmental friendliness .
3. Close cooperation between the European Union and Russia in the energy sector is very important for both parties because of interdependence in the energy carriers supply on one hand and investment and know-how in energy sector on the other.
4. Inaugurated by the EU in 2000, the energy partnership with Russia was a purely ‘wishful thinking’ project. Bilateral trade in the area of energy are not determined only by economic interests, but also by political interests and monopolization trends of Russia, which is reflected in the Russia’s attitude towards its neighbors.
5. If the European Union in large areas does not want to become a Russian energy protectorate, it has to thwart the plans of this monopolistic strategy of Russia and must provide for a greater diversification in energy supply and greater solidarity countries importing energy products in the EU.
6. The ambitious climate protection targets of the European Union, i.e. 3 x 20 by 2020 (reduction of CO₂ emissions by 20%, raising the share of renewable energy to 20% of consumption and improving energy efficiency by 20%), the closure of nuclear plants and absence of a decision on the construction of new coal power plants, with simultaneous increase in the demand for gas, have spurred a lively discussion in the economic spheres.
7. With the decreasing gas resources and decreasing gas imports from stable countries of the European Union and Norway, the dependence on Russian gas to Germany, but also other EU countries will considerably increase. In this context, the common EU policy on energy security in cooperation with Russia is of an elementary interests of Germany and the EU.
8. With regard to the North European Gas Pipeline (Nordstream), the German government believes that this economic project of a European dimension is crucial, if one wants to ensure the future security of gas supplies in Europe. The government holds that its construction does not lead to threats to energy security of Poland and does not replace existing transit connections, but partly will cover the increased demand for gas in Germany and the European Union. Without a relatively environmentally friendly natural gas, the ambitious European climate policy objectives cannot be achieved in Europe. Both Poland and Germany in terms of climate policies are facing great challenges and opportunities, and there are chances for cooperation in mutual interest, especially when it comes to energy based on coal.

Panel I: Polish Energy and Climate Policy

During the first panel of the conference, moderated by Antoni Podolski, Director of the Governmental Center for Security and Under-Secretary of State in the Ministry of Internal Affairs and Administration, the participants discussed the optimal solutions within these policies from the point of view of the economy, energy security and sustainable development needs. The gathered experts discussed the appropriate energy-mix for Poland, the role of energy efficiency and energy saving, the role of technology and issues of energy security. Possibilities of using funds envisaged by the Climate and Energy Package for investment in modernizing the energy sector have been also considered.

Zbigniew Kamiński, Director of the Energy Department in the Ministry of Economy presented a new approach to energy policy, stressing energy efficiency measures, allowing at the same time to raise the level of energy security, reduce the burden on environment and ensure economic benefits. Referring to the Ministry's document 'The Energy Policy of Poland to 2030' he pointed to his two key objectives concerning energy efficiency: the pursuit of an economic development without growth in energy consumption, and achieving in Poland in 2030 the level of energy efficiency equal to the current average level for the EU-15 (which means cutting the energy intensiveness of the national economy by three). He added that the new approach involves treating renewable energy sources (RES) as an important element of the energy-mix, which is expressed in the adoption to 15-percentage share of RES in the final energy structure in 2020 and 20-percentage share in 2020. Director Kamiński also pointed out that given the economic factors and with the above given assumptions it may turn out that it will not be necessary to exploit the largest lignite coal deposits (Legnica deposits). Coal will remain a vital source of energy, but according to forecasts its share in the energy-mix will decline in absolute terms. Director Kamiński also outlined the priorities of the energy policy. Among them he pointed to the exchange of power, strengthening the transmission and distribution infrastructure, need to take a quick decision on nuclear energy and expansion of trans-border connections. As key actions he identified: creating tools to achieve the energy efficiency objectives (including a new law on energy efficiency) and the diversification of energy supply. Finally, Director Kamiński drew attention to the problems of ensuring market-driven solutions limiting the increase in energy prices, development of clean coal technologies and measures reducing emissions of greenhouse gases other than CO₂. At the end of his speech he stressed that the proposed solutions fully fit into the European and global action on climate protection.

The second of the panelists, Professor Krzysztof Źmijewski, Chairman of the Social Consultative Council for Energy and Coordinator of Green Effort Group, asked a question about the outcome of discussions on Climate and Energy Package and the EU Summit in Brussels. He pointed out that the Polish postulates have been largely taken into account, a final compromise differed significantly from the initial proposal of the European Commission. However, it still poses a challenge for the Polish energy sector and the industry. Subsequently, Professor Źmijewski presented his scenarios for the development of the Polish energy sector, emphasising the need to increase energy efficiency and start relevant programs in this area. He also noted among others the need to modernize the economy on a similar scale as the beginning of the 1990s and the need to increase the use of renewable sources of energy.

Agnieszka Panek, Task Director at the Office of Energy Policy and Market Regulation of PGE Electra S.A. presented a market participant's point of view, who faces the reality of wholesale power trade on a daily basis. She presented briefly the PGE Electra S.A. company and pointed to the regulatory framework on limiting emissions of greenhouse gases (emissions allowances auctioning system within the EU ETS), important from the point of

view of the energy business. Director Panek stressed the fact that power companies have to operate under volatile price conditions, which make investment decisions much more difficult, whereas the old power plants have to be replaced by new ones. Director Panek therefore appealed for stability of regulation and formulating long-term energy policy. She argued that outlining the desired structure of energy-mix by the government would allow PGE to align its strategy along with the proposed energy policy directions.

Paweł Mosak, Member of the Board of Operator Logistyczny Paliw Płynnych, Conference Partner, at the outset of his speech asked questions about energy security: for whom is it? how it should be provided and at what price? He argued that everybody needs energy security, and its improvement requires adequate infrastructure, including connections of energy systems of Western Europe and Eastern Europe. He added that naturally it is associated with investments, which proposals he then briefly characterized (linking Plock and OLPP fuel storage bases with marine fuel terminal in Gdansk, completion of the Odessa-Brody Gdańsk pipeline, storage of gas and oil in salt caverns in the vicinity of Gdynia). He pointed out that these projects could receive support from the government and the EU, since they require large investments and long-term prospects. Next, Mr Mosak outlined measures, potentially alternative to the costly fuel storage, that would lead to increasing Polish energy security and reducing emissions of greenhouse gases. Among others, he drew attention to projects supporting the competitiveness of the fuel market and competition between fuels, development of second and third generation biofuels and fuel cells, the use of compressed natural gas (CNG) to fuel long-haul vehicles driving to and from Russia along the transit pipelines (Blue Corridor). Paweł Mosak pointed out that in this respect crucial is the decision of the direction of the policy, which is facing the government. At the end of his speech he briefly presented the company Operator Logistyczny Paliw Płynnych.

The next speaker, Andrzej Sikora (President of the Institute of Energy Studies based in Warsaw), focused on the issues related to natural gas. Outlining the situation and trends on world markets, Mr. Sikora said that the market situation has changed radically and will not return to the previous one, and the price change is fundamental. Then he passed to the issue of relations with Russia in the field of gas trade and the main problems of the gas market. President Sikora noted that Poland is relatively small recipient of Russian gas, and Russia can effectively dictate the price. He added that according to some analysis already in the years 2012-15 Poland will become a country with a potential deficit of primary energy. Andrzej Sikora said in this time-frame the power plant replacement cannot be conducted without increase in gas consumption. Then he referred to the draft document 'The Energy Policy of Poland to 2030' claiming that it has to be supplemented by additional input. He also touched on issues related to the Baltic energy bridge project and the North European Gas Pipeline, which are crucial for the Polish energy sector. Mr. Sikora called for the creation of stable conditions for energy companies and spoke in favor of liberalization and merging energy markets.

The last of the first panel speakers, Dr. Andrzej Kassenberg, President of the Institute for Sustainable Development, began his speech with a reference to public opinion polls on the development of Polish energy policy. He drew attention to the key issue of putting this area in order in terms of law, economy and institutional order. Then Dr. Kassenberg commented on the measures envisaged in the document 'The Energy Policy of Poland to 2030'. He admitted that he welcomed giving priority to energy efficiency, but expressed his doubts about the development of nuclear power, due to related problems. Then President Kassenberg drew attention to the possible use of financing sources such as funds from the sale of surplus

allowances for Poland available under the Kyoto Protocol limits (estimated at around PLN 20 billion), in which purchase among others Japan, Canada, Ireland and the European Bank for Reconstruction and Development are interested. He added that it is vital to use the funds from the auction of emission allowances under the EU ETS efficiently, and use EU funds and future EU budget funds for the transition to low-carbon economy. Then Dr. Kassenberg proposed an alternative energy policy stressing the need of wide-range programs on energy efficiency. He presented scenarios for energy policy highlighting energy efficiency and inefficiency of developing nuclear power in Poland before 2030. He stressed that without a fundamental change in approach to energy policy, building energy strategies will be incompatible with sustainable development, to which there is a reference in the Polish constitution .

In the discussion that followed the panelists speeches the issues of the reduction of the scale of industry, import of energy-intensive products and the need to modernize the industry have been raised. Introduction of competition in the energy markets, as well as the issue of completing the construction of Jamal gas pipeline have been discussed. Moreover, questions about the prices of energy produced from different sources (including nuclear energy) and issues related to the construction of energy bridge with Lithuania and the Baltic States have been asked. Energy generation problems (including inter alia co-firing) have been also touched upon.

Moderator Antoni Podolski recapping the panel pointed out that it showed the links between energy security, energy policy and climate policy problems and their relationships with politics and geopolitics in the Polish conditions, adding that discussions on these topics will certainly be continued.

Panel II: Economic Development and the European Energy and Climate Policy

The second panel was devoted to new developments in the energy and climate policy of the EU and the consequences of Climate and Energy Package from the point of view of energy security and economic development (including the issue of changes for the power sector and industry connected with the changes in the EU ETS). It concerned also the question of financing the transition and the issue of industry structure changes as well as the opportunities and risks for businesses. Leading the discussion, the former President of Nafta Polska, Maciej Gierej, at the outset presented the structure of Polish energy balance, giving in background the European Union's energy-mix. He invited the panelists to refer not only to this structure and climate regulations, but also to raise the issue of energy prices paid by consumers, which is very important for the economic development.

Starting her speech, Dr. Silke Karcher, Senior Expert from the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety, called the agreement on EU Climate and Energy Package a "good compromise". She stressed that this is an important step forward in the global efforts on climate protection, and the EU has demonstrated its leadership role in these efforts. Dr. Karcher noted that the implementation of the package poses a big challenge, but the benefits outweigh the risks and burden, and implementing the package will bring long-term economic gain and increase energy security. She also drew attention to the envisaged benefits associated with energy saving and large-scale innovation in the energy sector. Then Dr. Karcher moved on to describing German experiences in the field of energy and climate policies, focusing on energy efficiency issues (including building renovation) and renewable sources of energy (including the issue of feed-in tariffs), which are the milestones of the

German climate policy drafted in 2007. Dr. Karcher pointed out that studies have shown that climate protection pays off: according to one of it, the savings of households and businesses will reach 5 billion euros in 2020, and the action on reducing greenhouse gases emission will lead to job creation. Dr. Silke Karcher drew attention to the potential for energy savings in companies.

Dr. Andrzej Siemaszko, Director of the Polish National Contact Point for EU Research Programs and member of the government group in the European Technology Platform "Zero Emission Fossil Fuel Power Plants" pointed out that at national level the commitments from the Climate and Energy Package are major challenges for Polish industry and power sector. He added that the summit in Poznan (COP 14) showed that the global efforts on climate protection will proceed. Poland is thus in extreme disadvantage, because about 96% of its electricity production is based on coal, and in the process of its combustion large quantities of CO₂ are released. This implies a necessity of a profound modernization of the Polish power sector and the construction of new power plants, which is associated with significant costs (around 50 billion euros). Dr Siemaszko also drew attention to the indirect costs of reducing CO₂ emissions, the so-called 'carbon leakage' (moving high-emission industry outside Europe), relocation energy-intensive industry, while the energy price will rise. Dr. Siemaszko noted however, that Poland faces also a big chance for the development of the clean power plants construction industry and the development of clean carbon technologies such as enhanced extraction of gas/oil (using CO₂), synthetic fuel and underground gasification of coal. Then he referred to the Carbon Capture and Storage (CCS) technology and Polish candidates (PGE, Belchatów and Kędzierzyn-Koźle, PKE and ZAK) to the EU's Flagship Program for this technology, aiming at supporting the construction of CCS demonstration plants. Director Siemaszko pointed out that Poland has good conditions for underground storage of carbon dioxide, and called for the creation of Polish Flagship Program in the field of CCS and other strategic activities in the field of clean coal technologies.

Mikolaj Dowgielewicz, Secretary of State at the Office of the Committee for European Integration, at the beginning of his speech highlighted the fact that the tone of discussion about climate change is changing in relation to the crisis and looming recession in Europe. He noted that the key elements of the compromise of the European Council on Climate and Energy Package are accompanied by revision clauses (inter alia on derogations to the Directive on the EU ETS and the "solidarity fund" set up by the Council decision for the less developed EU countries). These clauses will allow to adjust the climate policy in the absence of agreement at COP 15 in Copenhagen or excessive financial burdens associated with the implementation of the package. Minister Dowgielewicz added that the new U.S. administration stance is still unknown to some extent, the position of Australia is not too ambitious, and the positions of China and India do not change too much, so one cannot be a big optimist on the progress of global negotiations on climate protection. Therefore the decision to raise the EU commitment to reduce emissions from 20% to 30% in case of an adoption of a new global agreement on climate protection will be taken unanimously by the Council, not in the comitology procedure, as foreseen before. Turning to the details of the compromise on the package, Minister Dowgielewicz stressed the introduction of a 'fuel-specific benchmark', allowing simultaneously to limit the energy prices increase, modernize the power sector and complete emissions reduction targets. Has also referred to the phenomenon of 'windfall profits', the details of the 'solidarity fund' and the issue of the base year, which were discussed during the negotiations over the package. Then Mr. Dowgielewicz presented the estimates of revenues from the emission allowances auctioning in the years 2013-2020 (assuming the price of 39 euros per ton of CO₂ from the forecast by the European

Commission), which total 15,690 billion EUR (59,621 billion PLN). Finally, referring to the issue of energy security, Minister Dowgielewicz pointed out that work with the Czech Presidency on the solutions proposed in November 2008 in the so-called 'Strategic Energy Review' will be of outmost importance and briefly presented the Polish stance on this issue.

Next panelist, President of the Polish Power Exchange S.A., Grzegorz Onichimowski, stressed that the EU ETS is part of the European energy market. He pointed out that expansion of regional markets is needed and is awaiting also Poland, which has in principle still an self-sufficient energy system. He noted that the price of energy in the Polish market is usually lower, but sometimes even the same as in other parts of Europe (e.g. on the Nordic market). President Onichimowski said that the development of market competition and effective regulation are necessary. He added that the vertical consolidation carried out in Poland has been detached from the market realities, because in the absence of interconnectors Polish companies cannot compete in other parts of Europe, and the normal market rules are not well ordered.

Moderator of the panel, Maciej Gierej, drew attention to the issue of interconnectors and the need for their expansion, turning discussion to the issue of modernization of Polish power sector, needed among others because of the necessity to reduce CO₂ emissions. Next, he gave floor to Mr Andrzej Głowacki, President of Economic Advisory DGA S.A. The speaker noted that in the Polish energy sector there are significant unused reserves, inter alia in terms of efficiency, arising from the lack of competition and lack of organization of the sector. President Głowacki pointed out that stimulating competition is an important task for the President of the Polish Energy Regulatory Authority. This competition is to be increased by implementing the proposals of the European Commission in this regard (the so-called third liberalization package), which is a positive signal for entrepreneurs. Mr Głowacki drew attention to the strategies and activities of companies in the context of government programs in the energy field, including the energy efficiency issue.

In the discussion that followed the panel among others the questions of competition between different interest groups in the energy sector, the use of RES in Poland and Germany and trade-offs between European energy policy goals have been raised. Moreover, the issue of the restriction of free emissions trade and the question of the impact of the adoption of the package on investment plans have been discussed. Summing up the panel, moderator Maciej Gierej stressed, that Poland is only at the beginning of the changes in the energy sector, energy balance and emissions of carbon dioxide volume, which should soon be reflected in the strategies of the companies from the sector, which will in turn relate to government plans these areas.

Panel III: The Energy and Climate of the European Union - Cooperation of the Central and Eastern European Countries

The third panel of the conference, led by the President of the Center for International Relations, Eugeniusz Smolar, dealt with the objectives and activities of the European Commission in the field of energy security and climate change. It was focused on the issues related to the common European energy market, opportunities for effective coordination of energy policies of the EU Member States, the development of interconnectors, the logistics model of the EU's supply in energy carriers and opportunities for regional cooperation in the field of energy.

The first speaker of the panel, David Buchan from Oxford Institute for Energy Studies addressed the issue of the EU energy and climate policy impact on regional cooperation in the Central and Eastern Europe. He pointed out that the European Council conclusions (of December 2008) lead to changes in the financing of energy policy alterations. He noted that granting a large percentage of free emission allowances will formally not endanger the achievement of the 20% greenhouse gas reduction target by 2020, but indirectly may make it harder, by contributing to the lowering of CO₂ ton price in the EU ETS, where prices have been volatile. Mr. Buchan added that the objectives of the package are ambitious and to some extent may be mutually conflicting. Turning to the situation of Poland in terms of commitments resulting from the package he indicated that Poland received a greater amount of free allowances than Brussels proposed. Then he referred to the need of power sector modernization, drawing attention to the CCS technology. He also mentioned the risk of carbon leakage, having negative consequences from the economic and environmental point of view. He stated that in Western Europe, there is a belief that Poland has a problem, inter alia a social problem connected with the use of coal, but Europe, including Poland must set an example for the rest of the world in terms of action on climate protection.

Dr. Frank Umbach, Senior Associate for International Energy Security at the Centre for European Security Strategies focused on the gas challenge in the EU. He referred to a number of EU documents, including Climate and Energy Package, the Strategic Energy Review of the European Union, the EU Strategy for Central Asia and to the negotiations between the EU and Russia, among others on energy issues. Dr. Umbach drew attention to the strategic importance of energy policy for the EU, touching on the recent war in Georgia, the global financial crisis causing fluctuations in prices and delaying in the time investments in power sector, Gas-OPEC and the issue of European demand for gas in the light of a possible gas crisis in Russia. Then he focused on the European energy-mix, claiming that the share of gas in it will fall thanks to the increasing role of renewable energy sources. Raising the issue of gas supply diversification Dr. Umbach pointed out to the potential for gas imports from Africa, through LNG terminals and from Turkmenistan, where new deposits of this resource have been discovered. He stressed the need to diversify the supply of gas and oil in particular in the new EU countries. He pointed to the need for gas interconnectors expansion that would allow for diversification of gas supply and gas market liberalization, and the need for energy solidarity and speaking with one voice by the EU in energy matters. Dr. Umbach referred to the Strategic Energy Review from November 2008 where these issues are addressed, claiming that it is possible to implement its goals to 2020. Presenting scenarios of the future production and demand for energy and its carriers in the EU he pointed out that gas imports will fall, resulting in problems with long-term gas contracting and pipeline construction. Referring to Russian energy policy Dr. Umbach said that in the long run it may prove counterproductive, since Russia may lose market due to uncertain political strategies.

Another panel speaker, Dr. Andris Spruds from the University of Riga Stradnis, focused on the regional dimension of energy policy in the Baltic Sea area. Beginning his speech he drew attention to the possibility of taking into account the regional interests of the new Member States in the Polish energy strategy. Dr. Spruds stressed the issue of energy security and dependence on one supplier of energy sources of the countries in the Baltic Sea region. Germany, Sweden and Poland he classified as a first group of countries in the region, although sensitive to the shortage of energy carriers supply from Russia, but relatively self-sufficient and with competitive energy markets and protected from unexpected changes on it. The second group, made up of Lithuania, Estonia, Finland and Latvia Dr. Spruds characterized as more vulnerable to shocks in the energy carriers supply, but still to some

extent self-sufficient. He pointed out that the Baltic States energy security to a large extent depends on relations with Russia. Dr. Spruds added that the choice between market and interventionist approach to energy and the reliance on traditional fossil energy carriers is also important in that respect. As the main challenges for the Baltic States cooperation in the field of energy he listed the construction of the North European Gas Pipeline, the question of electricity interconnectors and supply of electricity given the closure of the Ignalina nuclear power plant, where the positions of the countries are diverging. Dr. Spruds found that the political dimension of the cooperation is difficult, but linking the isolated Baltic "energy island" with other energy systems is proceeding, although the progress is often hampered by lobby groups.

The next speaker, Professor Alan Riley from the City School of Law in his speech touched on the liberalization of the energy market in the light of climate change-related issues. At the outset, he stated that the European Commission aims to liberalize the electricity and gas market through unbundling the generation, distribution and sale of energy, opening markets and creating incentives for the creation of interconnectors. He noted however, that the impact of economic crisis may reduce this 'liberalistic' approach of the Commission to energy matters. Professor Riley argued that the Commission should continue its anti-trust policy and policy of increasing competition in the industry, developed particularly since 2005. One should therefore expect decisions prohibiting monopolistic practices and ordering compensation by a number of companies. Professor Riley made also a point, that the unbundling of companies could lead to an increase in the value of their shares, which is beneficial from the point of view of the shareholders, who can begin to back unbundling. He added that liberalization can be consistent with the climate policy objectives, among others because it stimulates development of renewable sources of energy.

Speaking as the next panelist, Dr. Leonid Grigoriev, President of the Institute of Energy and Finance based in Moscow, focused on the issues of energy, climate change and the role of Russia in these areas. He drew attention to global economic circumstances (including the forthcoming recessions) and briefly characterized the role of Russia for the global and European energy sector, pointing to forecasts for the energy market. Later Dr. Grigoriev focused on the relations between Russia and the States of the European Union in the field of energy, including the issue interdependence, investments and contracts in the gas sector. He also referred to objectives of the EU energy policy, wondering whether the achievement of a 20-percentage share of energy from renewable sources in the energy-mix by 2020 is achievable. President Grigoriev then drew attention to the decrease in CO₂ emissions in Russia, which since the beginning of the 1990s decreased by 30%. He presented also the economic situation and most important data for Russian energy sector, including investments. Dr. Leonid Grigoriev commented also the conditions for regional cooperation with Russia in the field of energy, referring among others to the Nordstream project.

Maciej Gieriej, the former President of Nafta Polska, at the outset of his speech closing the conference last panel, noted that Europe pays for gas the highest price in the world. He referred to the issue of liberalization of energy trade, pointing to the hindering it lack of interconnectors, and substantial dependence on one source of supply. He expressed doubt whether the national energy sectors will support the development of the cross-border energy infrastructure, because it will create competitive pressures for them. He said that he would expect the EU to support the construction of new infrastructure, so that the actual functioning of the common energy market would be possible, which should lead to lower energy prices.

In the short discussion after the panel the issues of regional cooperation and global negotiations on the reduction of emissions have been touched upon. Eugeniusz Smolar, President of the Center for International Relations summed up the panel and the entire conference, thanked the partners, panelists and participants, and the people involved in the preparation of the conference.

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The texts of the speeches did not undergo authorization by the speakers attending the conference.

An audio recording of the discussion is available at the Center for International Relations (EN, PL).