



'Energy Security in an Uncertain World'

Falenty, 24-26.10.2014

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Energy Security in an Uncertain World, 24-26 October 2014, Falenty near Warsaw

Experts from Warsaw, Berlin and London met at the invitation of the **Young Polish International Network in Falenty** to discuss in three languages the outcome of the European Council, held in the end of October 2014.

Energy and climate policies, even though considered as independent policy areas, need to be analyzed in a broader context. That is why the introduction panel was dedicated to sustainable development.

Dr Piotr Otawski, Undersecretary of State in the Polish Ministry of the Environment and Chief Nature Conservator challenged the participants with vital and strategic questions.

He pointed to the common etymology of the words “economy” [oikos - house, nomos - managing] and “ecology” [oikos - house, logos - study], warning that we are managing our house as if we have forgotten that there is a world outside. Sustainable development requires to consider that resources are not infinite and needs competitive. What shall we do then? The first attempts to answer this serious question came with the book “Limits to Growth” in 1972, which offered a simulation of exponential economic and population growth with finite resource supplies. Even though its predictions when the world would reach its limits to growth seem not to be precise, the question is still valid.

To consider possible actions, some basic data need to be taken into consideration: while in 1900 there were 1 billion inhabitants in the world, in 1980 the number increased to 5 billion and for 2100 there are predictions that there will be 9-13 billion inhabitants on the planet Earth. Even though our cars used to consume 20l/100km in 1980, while they are only consuming 5-6l/100km nowadays, the number of cars has actually tripled. A similar comparison can be made about the laptops we use daily. In the past laptops used to work

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only for 1,5 hours on a battery. Nowadays, one single battery will last for about 10 hours.

However, the number of laptops increased significantly, as many people have at least one laptop for which 1 000 kg of resources are needed to build it. To sum up, even though our efficiency increases, the number of people consuming and the level of consumption grows much faster than we are able to improve the efficiency.

The participants of the YPIN discussion wanted to know, what could be done in order to stop this trend. The answer does not seem to be clear. Certainly, it would make a difference, if everyone would limit personal needs and further, bear the consequences of a policy change.

In this context one of the participants brought up an example of the Health and Safety training, that each employee is bound to undergo at the beginning of their employment in Poland. This simple solution shows that ideas of sustainable development could be structurally brought up to adults, while starting in the kindergarten seems indispensable at the same time.

Currently, the UN tries to formulate defined goals on sustainable development (SDGs). Contrary to the Millenium Development Goals (MDGs) those should be binding to the entire international community. For the first time, the international community is trying to agree on the goals, which would help to drive the implementation of sustainable development.

The participants discussed in Falenty the possibility to introduce a carbon tax as a measure to reduce consumption and protect the environment. However, Dr Otawski pointed out that unless the tax would be agreed on the international level, comparable to UNFCCC process for the CO2 reduction targets, adoption at the EU level would weaken the economy in the EU. If protection measures were adopted in order to secure the EU market, it would lead to a trade war with the USA or China. Moreover, such a carbon tax would hit the poorest people most.

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The EU climate change policy was only briefly touched upon the first debate. However, energy efficiency measures were regarded by the young Poles as most convincing to respond to sustainable development challenges.

Severin Fischer, expert at the Stiftung Wissenschaft und Politik in Berlin made a presentation on the new EU 2030 Energy and Climate framework and its implications for the German *Energiewende*.

In the conclusions of the European Council (23 and 24 October 2014), the heads of EU member states committed to reduce the greenhouse gas emissions by at least 40%, and increase energy efficiency and renewable energies by at least 27% by 2030. A special "flexibility clause" was added to the final text, making it possible for the European Council to return to the targets after the UN summit in December 2015. However, the **efficiency and renewable targets need to be seen as watered down**, as the target concerning renewable energies is only binding at the EU-wide level but not at national level. Moreover, the target for the energy efficiency is only indicative. To accommodate the requests of Poland, it was agreed that free allowances of carbon emissions to member states with a GDP below 60% of the EU average, will continue after 2020 to offset competition from countries not subject to EU climate laws.

The participants in the discussion were eager to know, what the conclusions practically mean for Poland and its economy and what they mean for Germany in comparison. However, the expert from the Stiftung Wissenschaft und Politik made clear that only after the implementing measures are proposed by the European Commission, the full impact of the agreement from Thursday night (23rd October) can be assessed.

In order to make the conclusions of the European Council on the 2030 energy and climate package more understandable, Severin Fischer put them in the context of the still binding package for the year 2020. He pointed to the year 2007, when the conclusions for the current framework were adopted, as the first moment

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of integration in the energy and climate politics. At that time the binding "20-20-20" targets were adopted, which set three key objectives for 2020: a 20% reduction in EU greenhouse gas emissions from the levels of 1990, raising the share of EU energy consumption produced from renewable resources to 20% and a 20% improvement in the EU's energy efficiency.

In addition Severin Fischer explained the basic assumptions of the German energy transformation, known as the *Energiewende*. It is a common mistake to perceive the *Energiewende* as the instrument adopted only in response to climate change, as in fact it was adopted with the aim to strengthen innovation, industry and the labor market in Germany.

Dr Joanna Maćkowiak-Pandera, Senior Associate at the German think tank Agora Energiewende quoted figures, which show that currently Germany spends ca. 80-100 bln Euro a year on the import of energy sources (oil and gas), whereas on the support for renewable energy sources, it spends yearly 24 bln Euro, including the transmission infrastructure. In this respect support for the domestic resources, in particular wind and solar energy, becomes more understandable.

As many YPIN members live in Germany, they experience the energy transformation directly. Some of them practice the *Bürgerenergie* by producing energy themselves, however, others quoted the book by Prof. H.W Sinn "Energiewende ins nichts", who is very critical towards the energy transformation in Germany.

Luca Bergamaschi, Researcher at E3G in London spoke about energy security in an uncertain world – Managing Europe's energy and climate challenges. The uncertainty in Europe arises not only from the current Ukrainian crisis but also from the ISIS activities in the Middle East and the instability resulting from the Arab Spring (e.g. Libya verging towards sectarian chaos; Egypt unable to guarantee political and economic reforms). The internal EU problems arise from the fact that energy costs have tripled over the past

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20 years. Furthermore, the EU is the biggest importer of energy in the world. Over half of Europe's energy is imported, including 90% of oil, 66% of gas, and 62% of coal. In 2011, the import values equal 6.2% of GDP in the EU. Last year the EU import bill was half a trillion (€543 billion). The imports from Russia play a crucial role here: 26% of EU's coal, 34% of crude oil and 32% of its gas come from this single country.

Again, when the participants wanted to know, what the response to this situation could be, the answer Luca Bergamaschi proposed was above all energy efficiency. According to the London think tank E3G, an EU-wide building retrofit programme could cut gas use by an amount equal to 80% of Russian imports. Delivering the 20% energy efficiency target by 2020 would cut energy bills by an annual €200 billion, equivalent to generate financial savings of up to € 1,000 per household every year. During 2020-2030 the estimated savings are between €1 and €2 trillion.

However, the EU is not on track with the implementation of its energy efficiency targets from the 2020 energy and climate package adopted in 2008. Projections indicate the 2020 target will be miss by 2-3%. One third of those energy savings will actually come from the current economic crisis. This means that only 10-12% of savings will be delivered through actual energy efficiency savings.

An important part of the YPIN's debate on managing Europe's energy and climate challenges was the Energy Union. Luca Bergamaschi pictured it as a measure which can bring security, solidarity and trust. The participants of the debate wanted to know how much has already been done and what further steps need to be taken. For the Polish former Prime Minister, Donald Tusk, the Energy Union was a flagship project after the current Ukraine crisis broke out. The E3G researcher pointed to the fact that Maroš Šefčovič, the Energy Union commissioner already seems to have a clear vision of the way how to proceed. As a matter of fact, much has been done by the former European Commission, even though not under the notion of the Energy Union.

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In the end of the debate between young Poles and the international experts the conclusion was drawn that Poland needs to be more constructive to be heard. Being critical is not enough, Polish politicians need to offer a vision. This was particularly clear in the framework of the negotiations in the summit of the European Council this October. Everyone suspected Poland might put a veto on an agreement that considered to increase the energy prices. However, what Poland wants instead, was not utterly clear.

The young Poles agreed in the end of the debate on the fact that Poland needs a strong EU, especially these day when Poland faces aggressive neighbor. At the same time, Europe needs a strong Poland with a clear and constrictive vision for its energy and climate policy.

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