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PGNiG ANSWERS

to the public consultation by the European Commission
on
Green Paper

"A 2030 framework for climate and energy policies"
(COM(2013) 169 final, 27.03.2013)

PGNiG Capital Group presents its position on the Green Paper "A 2030 framework for climate and energy policies", consulted by the European Commission:

Ad. 4.1.General

- Which lessons from the 2020 framework and the present state of the EU energy system are most important when designing policies for 2030?
  - Adoption of any binding targets for the EU member states for a period beyond 2020 should be dependent on a prior adoption of a binding international agreement that would set out GHG reduction commitments for all major economies.
  - A fixed target for renewables share in the energy mix leads to excessive costs that unduly burden economy and societies of some member states.
  - The experience shows that the renewables target does not only result in development of the EU economy but it also contibutes to imports of these technologies. In result the overall impact of this sector of industry on employment in the EU member states is fairly limited.
  - The climate and energy policies should take into account costs of achievement of the adopted targets that led to the worsening of conditions for the European industry as yet. Therefore, besides the 3x20 goals, the two more targets that should complement the EU climate and energy policy: 1) at least 20% of GDP should be produced by industry, and 2) energy prices should be stabilised by 2015, and as a main target energy prices should be decreased by 20% up to 2030.

Ad. 4.2. Targets

- Which targets for 2030 would be most effective in driving the objectives of climate and energy policy? At what level should they apply (EU, Member States, or sectoral), and to what extent should they be legally binding?
  - Aims related to renewable sources of energy and energy efficiency should be agreed on at the national level. A member state should set out a greenhouse gas emissions' reduction scheme and indicate the methods it wishes to apply in order to achieve the scheduled reduction. Each country bears different costs related to implementation of particular technology. In countries that enjoy a significant supply of solar power it is more cost-efficient to implement photovoltaic technologies, while in temperate climate countries (e.g. Poland) higher benefits are generated by investments in thermomodernisation.
- Are targets for sub-sectors such as transport, agriculture, industry appropriate and, if so, which ones? For example, is a renewables target necessary for transport, given the targets for CO2 reductions for passenger cars and light commercial vehicles?
  - The aim of greenhouse gas emissions' reduction should be divided equally between ETS sectors and non-ETS sectors.
  - The sectors should undertake a common effort and bear equivalent costs related to GHG emissions' reduction.
  - Some sectors should not bear more of the burden than the others. It might lead to an imbalance in industrial and energy production, i.e. there might be a risk of relocation of some industries to countries that are not subject to obligations related to greenhouse gas emissions (*carbon leakage*) and of abandonment of stable energy production sources.
- How can targets reflect better the economic viability and the changing degree of maturity of technologies in the 2030 framework?
  - Energy market players should be provided with mechanisms ensuring a level playing field.
  - Energy companies, without regard to the size or type of energy (renewable or non-renewable), should have similar rights and obligations so that they would be able to compete on the energy market on an equivalent basis. Non-renewable energy would remain an important component of energy balance sheets of the member states, while natural gas should play a key role in pursuing the 2030 policy and in the further perspective.

- Mature renewable energy technologies should safeguard the capacities for periods of reduced sunlight or wind and cover the network charges.
- Only new, developping, low-emission technologies should be granted support, but this support should be limited to a pre-determined time period.
- A focus shall be given to the emissions' reduction without giving primacy to any of the technologies so that it is guaranteed that the aim of the emissions' reduction will be pursued in a cost-efficient manner.

Ad. 4.3. Instruments

- How should specific measures at the EU and national level best be defined to optimize cost-efficiency of meeting climate and energy objectives?
  - Besides the aim of GHG emission reduction, the remaining targets should be determined by individual member states. Each member state should assess what renewables or energy efficiency targets could be achieved in the most cost-effective way. The European Union would subsequently assess and accept levels set by the member states in order to ensure coherence in common activities.

Ad. 4.4. Competitiveness and security of supply

- Which elements of the framework for climate and energy policies could be strengthened to better promote job creation, growth and competitiveness?
  - Integration of emission trading schemes should be continued. The plan of merging the Australian and European emissions trading schemes may be a good starting point.
  - Countries that will enter the new international commitment concerning reduction of GHG emissions should prepare a schedule of the implementation of emission trading schemes which could subsequently be integrated on the global-transregional level.
  - Integration of emissions trading schemes would contribute to ensuring a level plazing field on the global level, thus deterring loss of competitiveness on part of the EU economies.
- How should uncertainty about efforts and the level of commitments that other developed countries and economically important developing nations will make in the on-going international negotiations be taken into account?

- The CDM and JI systems should be revised. The emission reduction units coming from CDM/JI projects, which could be used in Europe, should be connected with CO2 emission reductions.
- Issuance of CDM/JI units should be subject to a condition that the given state signs and ratifies the international agreement on mitigating the climate changes (a continuation of the Kyoto Agreement).
- Technologies applied in CDM/JI projects, which are carried out in cooperation with EU entrepreneurs, should be originated in the EU. Such a solution would influence the EU economy's development and an increase in workplaces.