

SECURITY OF ENERGY SUPPLY



COAL ADDITION In the Bełchatów power station, Poland has Europe's largest coal-fired power plant.
REUTERS

Looking for energy in the backyard

Poland is turning its attention from external energy security to changing its energy mix, writes **Wojciech Kość**

For a pipeline that was so controversial when it was on the drawing board, the official opening of Nord Stream pipeline from Russia to Germany on 6 September generated little debate in the Polish media.

There were good reasons for the relative calm, and not just because the pipeline was already a reality. Poland has moved on since the sharply worded battles over the Russian-German Nord Stream deal.

In 2009, the government itself signed a gas-supply deal with Russia that will last until 2037. It is now building a terminal for liquefied natural gas on the Baltic coast, enabling Poland to import gas by ship from (above all) Qatar. It is also expanding gas-storage facilities, so that, by 2012, about 20% of annual gas demand, rather than 12%, can be stored. EU support and funding will also connect Poland with Czech, Slovak, and Baltic gas and electricity grids, increasing Poland's sense of security.

There has also been a more general change: rather than dwelling on dependence on Russian gas, newspapers focus on the potential of other sources of energy. As Jeremi Mordasewicz, an expert on economic policy with

Mordasewicz argues that the government should focus on other energy. "Renewables and gas are going to grow thanks to the private sector," says Mordasewicz. "The government should work harder to get a properly sized nuclear programme off the ground."

Nuclear power plans

The government is pressing ahead with nuclear power, regardless of the aftermath of the Fukushima disaster. Its plans, though, remain vague – it will commission one plant, and maybe two.

For Mordasewicz, this is inadequate. "We need four or five nuclear power plants," he says. Part of his argument is based on demand in a fast-growing economy and part because Poland currently produces no nuclear power at all.

Instead, more than 90% of its energy currently comes from coal.

Coal is, then, inevitably the bedrock of all debate about energy policy. And Maciej Kalicki, the deputy economics minister, suggested recently that this will always be the case, telling *Parkiet*, a business paper, that "Poland is bound to coal."

The government is certainly behaving that way. It has made clear that new deposits of lignite coal – thought capable of provid-

ing analysis firm, government circles in Poland tend to think that the EU is transforming coal from an important asset to a major liability for Poland.

That observation is borne out by Poland's stance at the EU level. It is currently challenging in the courts the EU's rules on the distribution of free carbon-dioxide allowances to energy-intensive industries, and it is going to great lengths to ensure that all power plants developed in 2013-20 will get free allowances.

Protection coal

The government has prudential reasons for protecting coal. There are, for example, questions marks about the potential of shale gas, about the costs of the nuclear programme, and about securing broad public support for nuclear power.

But Górnika also sees tactical calculations in Poland's stance. "Poland thinks that the EU's fight against climate change without support from other major economies doesn't make sense. So it's trying to win maximum concessions while hoping that the climate-change policy will relax over time," he adds.

However much (or little) EU policy relaxes, Poland will need to increase its use of green energy – and, to

prominence to renewable energy (as well as to shale gas) in its campaign for elections in October.

Boost for gas?

For investors and business people too, the idea of moving away from coal is no longer the unimaginable catastrophe it once was. This

may particularly boost gas, perhaps the cheapest and quickest way to reduce dependence on coal. A study by the Polish office of Deloitte suggests that, with the end of free carbon emissions in sight, investors may opt to build gas-fired plants.

The change is unlikely to be quick, but, by current

standards, the changes will be substantial. Figures from the economics ministry suggest that the share of electricity from gas-fired power plants will rise from the current 2% to more than 5% in 2020.

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