Polish contribution to the preparation of the EU Strategic Agenda 2019-2024

Poland's position on the directions of the EU climate policy in 2019–2024

The fight against climate change is one of the most important civilizational challenges of this century. As the host of the 24th Conference of the Parties to the United Nations Framework Convention on Climate Change, Poland became even more actively involved in the actions of the international community to curb the negative effects of climate change. The adoption of the Katowice Rulebook – the package of decisions aimed at implementing the Paris Agreement – during COP24 emphasises the enormous role of Poland and its activities in this respect. Without the Rulebook, the Agreement would have remained only a political declaration. It is also a success for the EU which confirmed its role as a global leader in international climate policy by complementing the current emission reduction targets in place. The standing of the EU in this area has never been and is never called into question, but the potential adoption of over-ambitious targets that cannot be met might change the situation and undermine the credibility of the Union.

Goals

The transition towards a low-emission economy and – ultimately – climate neutrality, which will result in curbing climate change, require comprehensive action that will lead to profound structural changes in the economy and labour market. The paradigms of many state policies and the perception of economic growth are going to change. For the changes to be effective, they will additionally require social support and buy-in connected with changes in behavioural and consumption patterns. Such a deep interference in existing economic and social models brings both opportunities and threats, which is why in the next five years, the EC should seek to find a compromise between an appropriate level of reduction ambitions and maintaining a high level of competitiveness for the European economy, while taking constant efforts to mitigate the costs of structural socio-economic changes and without jeopardizing the financial and fiscal stability of the EU and its individual Member States.

Proposed Actions

The most significant aspects that should be considered in order to achieve such a compromise are presented hereinbelow. This is particularly important in the context of work on the long-term strategy of the EU until 2050 which will largely determine the shape of climate policy of the EU in the upcoming decades.

- The EU should adopt a long-term strategy in 2020, containing a common and acceptable for all Member States objective implementing the Paris Agreement.
- For a common goal defined in the long-term strategy, individual Member States should contribute adequately to the capabilities thereof, taking into account their specificities determined on the basis of national energy and climate plans, as well as currently prepared national long-term strategies. In order to reach this goal in the most efficient way the top-down approach should be combine with the bottom-up approach.
- The EC should present measures aimed at a just conduct of energy transformation (Just Transition) and intensify work on the coherent mechanisms of joint support for the transformation of the economy. The countries with GDP below the EU average should be provided with dedicated financing (additional to the current one).
- The EC should conduct an analysis of the socio-economic effects of climate policy for individual Member States, taking into account the need to maintain the financial stability of the economy - in particular for regions dependent on coal extraction and processing.
- Reduction efforts must be made primarily by the sectors with the greatest reduction potential at the lowest possible costs. The EU should continue the effective implementation of the agreed solutions in the field of EU ETS and non- ETS which will guarantee the implementation of the objectives for 2020 and 2030.
- The reduction goals set for 2030 were part of a difficult political compromise, they are ambitious and very difficult to achieve for some Member States. Therefore, there is no justification for the revision thereof. The update of the NDC should concern the complementation of information in accordance with the ICTU as part of the Katowice Rulebook.

- Due to the small and decreasing share of the EU in global emissions, unilateral EU action in this area is very likely to fail to improve the situation on a global scale, and – in unfavourable conditions (continuation of largescale high emission investments projects in energy sector in developing countries, "carbon leakage" to countries with less restrictive climate policy) – this situation will worsen. Therefore, the future long-term strategy must take into account the condition and capabilities of the European industry and vice versa.
- In view of the fact that the burdens associated with low-emission transformation will be unevenly distributed among the Member States, it is necessary to create new solidarity mechanisms that will provide countries with lower GDP with additional funds to carry out this process.
- To preserve the unity of the European Union, it is necessary to maintain unanimity in key issues for the Member States.
- As a consequence of the possible Brexit, there should be no increase of the efforts of individual Member States, already planned by 2030, to reduce greenhouse gases.
- The current strategy, according to which the EU, by raising its own ambitions, encourages other countries to follow the same path, shall be modified, as it has not brought any significant results so far.
- The EU should focus on demonstrating that the current, ambitious EU climate policy brings certain benefits, is effective and allows real achievement of the assumed goals.
- It is important to continue efforts to effectively implement the Paris Agreement through the UNFCCC forum (market mechanisms, common timeframe, ICAO, IMO) and bilateral cooperation.
- The possible introduction of additional emission reduction mechanisms, as well as the measurement of the environmental footprint of products and organizations, cannot be based on emission benchmarks and national energy mixes.
- Poland also supports the creation, with the help of the EC, of strategic initiatives to increase the innovation and competitiveness of European industry. A good example is *the EU Battery Alliance.*

<u>The most significant areas related to low-emission transformation.</u>

I. Energy sector

- Taking into account the scale of energy transformation in Poland and factual modernization needs, it is necessary for the EC to present EU financial resources aimed, in the framework of solidarity support mechanisms, at a just and just low-energy transformation.
- The requirement to maintain technological neutrality should be taken into account in the development of the EU long-term strategy and new legislative proposals, as well as in the enforcement of the EU acquis. In particular, this concerns the planned revision of RES targets in accordance with the revised directive on the promotion of energy from renewable sources. In the revision of the energy efficiency objectives, the possibilities of further reducing the energy demand of the EU economy shall be taken into account, with a simultaneous global demand for the products thereof.
- We believe that the change of RES targets should ensure the possibility of using other available technologies to reduce CO2 emissions (e.g., nuclear energy), as well as guarantee energy security and shape competitive energy prices. Transferring too much burden to the power industry will have a negative impact on the entire economy. As long as the energy sector does not undergo a transformation, the EC should not additionally implement the carbon tax. This solution will be particularly severe for countries that at the same time have a significant share of coal in the energy mix and undergo the process of economic convergence.
- In order to maintain stability and increase the flexibility of the system, it is necessary to support the EU in the development of low-emission and flexible generation sources, including sources of high-efficiency cogeneration, decentralized self-balancing areas based on renewable sources (energy clusters), nuclear energy and energy storage projects.
- It is worth emphasizing the immense potential of hydrogen technology in reducing the emission levels of the European economies, increasing energy security and ensuring reliable and timely

access to energy for citizens. Hydrogen is a very good chemical element for excessive energy storage from clean and intermittent renewables. Simultaneously, the need to maintain technological neutrality should be emphasized, since hydrogen can be generated from various sources, including RES, nuclear energy and fossil fuels.

- The EU should propose measures for supporting the development of micro-installations of RES and fuel cellbased systems, while ensuring the proper integration thereof into the power system. This will contribute both to improving energy security at the local and national level and to achieving the indicators set for 2030.
- The ongoing process of modernization and development of the economy will significantly increase the demand for electricity. Therefore, in order to ensure security, the EU should support the sources used in the evolutionary transformation based on natural gas and clean coal technologies.
- In order to transform the energy system across the EU into a modern, intelligent and tailor-made system, it is necessary to eliminate existing barriers and regulatory gaps. It is also necessary to analyse standards in the EU and create common standards for combining energy sectors in the EU.
- It is necessary to provide EU support for the further development of the electricity transmission network, which will enable the integration of new low-emission sources, such as nuclear ones.
- The gas transmission and distribution network should be developed with the support of the EU. Without this support it will be impossible to i.a. improve Polish district and industrial heating to the standard of highefficient low-emission cogeneration. They are an important element of actions to improve air quality in countries struggling with the so-called low emissions. Gas projects will also ensure an effective market coupling process. The gas infrastructure may play a supporting role in the so-called back-up for the power system, an example can be the Power-to-Gas technology.
- In the spirit of the principle of technological neutrality and due to the desired environmental effect, it is necessary to enable and support the Member States in using the potential of nuclear energy. This also includes support for research on nuclear fusion and cogeneration options. This source can be a significant contribution to the achievement of a zero-emission economy.

II. Industry

- Synergy between the EU climate policy and industrial policy must be ensured and making use of this synergy as competitive advantage of European industry with respect of differentiated economic, geographic and social circumstances of all EU Member States.
- Reference to the Paris Agreement and its implementation need to be taken into consideration in all future trade agreements between the EU and third countries. Commitment to fulfil the Paris Agreement goals can ensure level-playing field for economic competitiveness and environmental effectiveness of EU climate policy. Carbon footprint should also be taken into account in the case of imported goods and services, not only those produced in the EU. We support presentation by the EC solutions that promote consumer behaviours to reduce carbon footprint.
- It is reasonable to increase funds for the research and development of new technologies that will support the transformation process, especially in the area of hydrogen, battery and zero-emission technologies .
- The use of the IPCEI initiative, particularly in the field of electric battery production, development of the hydrogen economy, bio-economy, as well as in order to limit industrial CO2 emissions.
- In order to accelerate the development of hydrogen technologies in transport and energy, a realistic strategic document should be prepared at the EU level which will harmonize infrastructure investments across the EU.

III. LULUCF

- Forest and agriculture ecosystems are the largest and most important carbon sink in the European Union.

- The recently adopted IPCC Special Report on the 1.5 degree exhibited that it is impossible to limit the temperature rise without absorbing. For this reason, it is very important to take measures to preserve and increase the potential of carbon sinks, including forests.
- The EU should introduce additional incentives to stimulate increased efforts in the LULUCF sector to fulfil the obligations of the Paris Agreement.
- The EU should strive for full coherence between its various legal acts, policies and programs, including multifunctional, sustainable forest management.

IV. Agriculture

- The possibilities of emission reduction in agriculture are limited by the biological processes on which agricultural production is based (in particular livestock production).
- European agriculture requires intensification of adaptation activities (including water management) without which the risk of production decreases and thus the risk of carbon leakage increases. The focus should be on activities that will ensure synergy between adaptation and reduction effects, as exemplified by the conservation of soil carbon stocks.
- Agriculture can play a growing role as a carbon sink (carbon sequestration in the biomass, increased content of humus in soil), which together with the development of the bioeconomy will help to reduce consumption of fossil fuels and raw materials.

V. Circular economy

- It is necessary to provide adequate funds under the next financial perspective (cohesion policy) for activities related to transformation towards the circular economy.
- EU programs such as Horizon Europe should include a mechanism that ensures the flow of knowledge between more advanced countries and countries that were at an earlier stage of implementing the circular economy.
- The combination of tightened climate policy and implementation of the circular economy concept instead of an impulse for further development of the economy may result in a reduction of the industrial base in the EU, therefore the EC in all climate and energy initiatives should take into account the impact on the circular economy and vice versa.

VI. Transport

- The promotion of clean mobility is key to achieving emission reduction goals. The EC should support the EU automotive industry in this respect, and in particular acceleration of new companies offering both semifinished products for low and zero-emission vehicles, as well as ready-made vehicles.
- The EC should analyse the problem of importing second-hand combustion cars to countries with a lower level of economic development than the EU countries with the highest indices, which causes an increase in emissions in the transport sector, and propose appropriate legal and financial solutions in this regard.
- The reduction of emissions generated by road transport must take into account technological and time possibilities, as well as economic factors and new trends in transport.
- At present, the focus should be on promoting the achievements so far (including the construction of an infrastructure base for electric vehicles, zero-emission public transport, micro-mobility) in the context of changing the mobility model and reduction potential of transport emissions, popularizing alternative fuels and developing strategic cooperation in the field of batteries and energy storage.
- It is important to increase the role of rail transport and to develop an appropriate strategy in this area.
- A discussion on the introduction of a percentage threshold for the share of electric bus fleet in the cities of over 50,000 inhabitants should be discussed at EU level, while ensuring adequate financial support to achieve this goal.