



**COUNCIL OF
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INFORMATION NOTE

from : General Secretariat of the Council
to : Delegations
Subject : Impact of the Climate-Energy package on energy security
- Information from the Polish delegation

Delegations will find attached an information note from the Polish delegation.

Impact of the Climate-Energy package on energy security

– Information from the Polish delegation

Analysis conducted by Poland show that introduction of full auctioning in the power sector resulting from implementation of the Climate-Energy package in 2013 will contribute to a slow down of economic growth and decrease the EU's energy security. Introduction of this solution for the power sector right from the start will cause a rapid increase of electricity prices due to the obligation on installations to purchase all of the allowances on auctions. This price increase will be most severe in Member States, which use coal as the main source of electricity generation.

Introduction of full auctioning, instead of leading to promotion of clean coal technologies, will lead to weakening of economies based on coal creating a problem of the necessity to purchase proportionally higher amount of allowances and deepening the danger of carbon leakage.

The above preconditions will make electricity generation based on coal unaffordable in many Member States. Additionally, the situation will be further worsened by limited ability of importing electricity due to the state of interconnections. These limitations will negatively impact energy security of Member States, which may not be able to satisfy the demand for electricity.

The reliance on coal will not be significantly decreased even in case of a significant rise of RES share in electricity generation in coal-intensive Member States when taking into account predicted growth of electricity demand in the EU in the period 2013-2020.

Due to the above, and also because of the fact that the CCS technology is in demonstration stage (probably will not be commercially available at least until 2025), the only option for these Member States allowing them to meet reduction targets will be to transform electricity generation technology from coal power plants to gas power plants. This trend, in turn, will additionally decrease energy security of these Member States.

Therefore, Poland would like to ask the Commission to provide information on its assessment of the scale of some Member States' decreased energy security as a result of the necessity to increase gas imports from outside the EU in the period 2013-2020 in order to meet emissions reduction targets.