

# **Reforming EU climate policies for 2030**

## **How implementation experiences in Poland shaped the outcome**

**Draft, comments welcome**

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## Introduction<sup>1</sup>

The feasibility of collective and individual policymaking has dominated the study of climate policy. This paper explores how domestic implementation experiences affect national preferences and climate policy reform. The case in point is EU climate policy, which is now poised for the first full climate-policy cycle – from initiation and decision-making on targets and policies for 2020 via domestic implementation in 28 member-states to adoption of reform for 2030. Even though the EU is a “unique” political system facing distinctive energy challenges,<sup>2</sup> its experience regarding large-scale climate policy may hold valuable lessons for other actors, highlighting opportunities and pitfalls in responding to the long-term challenge of climate change. Can climate policies be strengthened without creating losers who may try to block subsequent policy development? Can policies be designed so as to promote domestic implementation and lower-carbon transformations in the long term? With the Paris Agreement, the challenge is formidable: to facilitate and shape a global transformation towards the 2°C target and the intended 1.5°C target. This will necessitate policies that can stimulate governments and societal actors to adopt increasingly more ambitious targets and policies. In essence, institutionalized cooperation must gain momentum through a “snowball effect” that can generate positive feedback from implementation, facilitating further steps.

Poland has stood out as the “least climate ambitious” of the EU member-states since it entered the Union in 2004 (Skjærseth, 2014). One important reason is that indigenous coal accounts for nearly 90% of the country’s electricity production and 50% of its total CO<sub>2</sub> emissions. Poland is the EU’s sixth largest member-state by population, and has often served as the informal leader of some of the ten Central and East European countries (CEECs) – mainly the Visegrad countries. Poland can serve as a critical case within the EU for how implementation experiences affect the preferences of “laggards” and reformed EU climate policies.

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<sup>1</sup> This paper is based on a larger research project on EU climate and energy policies in collaboration with Per Ove Eikeland, Lars. H. Gulbrandsen and T. Jevnaker. See Skjærseth, et al, 2016. The author would also like to thank I. Ydersbond and S. Andresen for constructive comments.

<sup>2</sup> The EU is the world’s largest energy importer, its energy-import dependency rising since the mid-1990s. In 2012, 53 per cent of EU energy consumption was linked to imports.

Various strands of theories on EU policymaking do not include domestic implementation experiences in explaining preferences and outcomes. Different variants of liberal intergovernmentalism (LI) emphasize domestic preference aggregation, but tend to “black box” implementation processes (Moravcsik, 1998,1999; Bickerton et al, 2015). Supranationalism is mainly concerned with the autonomous role of the EU institutions (Pollack, 1997; Sweet, 1997). Multilevel-governance (MLG) emphasize that influence goes both from the EU level to member states and from member states to the EU, but does not specify how these influences are linked by implementation experiences (Marks et. al, 1996; Hooghe and Marks, 2001; Fairbrass and Jordan 2004). What we need is a fresh approach to EU policy reform that can combine MLG with a policy-cycle ‘feedback’ approach.

The next section outlines the framework for exploring the links between implementation experiences, national preferences and policy reform. Section three applies the framework to explore implementation experiences in Poland and subsequent change in preferences. Section four analyses the consequences of preference change for the 2030 EU outcome, followed by a concluding analysis in section five. Data comprise a number of interviews with polish experts, societal, and governmental actors and secondary sources.

## **2. Implementation experiences, national preferences, and EU policy reform**

The policy reform concept emerges from a policy cycle approach in which reform follows policy initiation, adoption, and implementation. EU member-states are likely to assume a more prominent role vis à vis the EU institutions when policies are reformed compared to when they are initiated. The reason is that ‘positive’ or ‘negative’ experiences from domestic implementation will start to materialize before policy reform. Experience with, and learning from, implementation of existing policies is thus likely to reduce uncertainty and to affect national preferences on new long-term targets and policies.

A reasonable starting point for EU policy reform is that actors have limited information on the causes and consequences of problems and solutions in early stages of the policy cycle. Typically, actors enter a cooperative process by discovering, inventing, and exploring their own interests as well as possible solutions (Underdal, 1991; Young, 1991).

New information can give rise to learning processes that change basic policy preferences even if interest definitions are deeply rooted in domestic settings (Eising, 2002). Accordingly, reform of existing policies will typically involve less uncertainty about member-state preferences than is the case in earlier stages of the policy cycle.

So how then can implementation experiences affect member-state preferences? The policy feedback literature has grappled with the “from effect to feedback” questions. Policy feedback can be defined as effects on the original actor’s preferences and the reformed policy in question (see e.g. Jordan and Matt, 2014 for a review). These feedback effects can be positive or negative, intentional, or unintentional, and be categorized in various types. From an EU perspective, we need to link feedback to decentralized implementation in the member states. Implementation can be defined as the process of converting EU policies into domestic legislation, policies, and measures resulting in behavioral change among domestic actors that cause the problem, provide solutions, or both (Skjærseth et. al, 2016). In the language of EU studies, this is commonly referred to as legal transposition, application, and enforcement (Treib, 2008). The extent to which implementation experiences affect national preferences depends on the “distance” between EU requirements and domestic status quo. If EU requirements equal status quo, domestic implementation experiences and policy learning are unlikely to emerge and affect preferences for policy reform. Given a certain “distance,” it will depend on how EU policies affect domestic politics.

A simple model of domestic politics explains responses to common EU policies by the state, or government itself, society, and the relationship between the state and society, where domestic institutions channel influence through electoral and corporate channels. Within this broad model, I narrow in on four pathways through which EU policies can affect domestic politics (see also Di Lucia and Kronsell, 2010; Skjærseth et al., 2016). First, EU policies can affect the distribution of costs and benefits among societal actors. When costs are concentrated to specific subgroups of society while benefits are broadly distributed, there is reason to expect high incentives for opposing new and more ambitious reformed policies. Conversely, when costs are distributed and benefits are concentrated, there is reason to expect high incentives for support.

Second, domestic actors' *perceptions* of affectedness may deviate more or less systematically from actual affectedness. This may lead to an interpretative effect caused by the "shadow of the future" in which current policies are seen as the start of a long-term repeated policy process towards decarbonization. If long term targets are perceived as threatening, opposition to strengthening policies can be expected even though current policies do not entail net-costs. Alternatively, implementation of climate policies and repeated policy cycles may over time lead to social norms based on the needs of future generations or the climate actions of others (Elster, 1989).

Implementation of EU policies can be channeled to decision-makers through domestic institutional arrangements in various ways. The institutions channeling corporate influences between the state and society can enhance or close access for new groups or alliances seeking to exert influence on policy reform, such as the renewable energy industry. In some cases, segments of society may be described as *social blocs* characterized by tight alliances among ministries, parliamentary committees, and industrial sectors (Skidmore and Hudson 1993). If such blocs see implementation of EU policies as threatening to their core interests, then initiatives for stepping up reformed policies are likely to meet severe resistance. Through the numerical channel, lawmakers must – at least to some extent – respond to and promote constituency interests to be re-elected, which is an important concern for example concerning electricity prices or taxes. Finally, political and administrative institutions are also likely to be affected by EU implementation processes. New EU policies may deepen fragmentation or spur greater coordination, in turn affecting the coherency of national preferences on reformed policies and the likelihood of affecting EU outcomes.

Against this backdrop, a preference for strengthening and reinforcing EU climate and related energy policies for 2030 can be expected if member-states experience positive consequences from implementing policies for 2020. Benefits can include alleviation of energy-security concerns; side-payments to compensate sectors that stand to lose from stepping up climate policy; and synergies like innovation, employment creation, and reduction of other problems such as air pollution. The absence of such benefits, combined with implementation challenges and costs, is expected to lead to opposition to reforms aimed at more ambitious EU-level policies. Mixed experiences will most likely lead to

preferences for re-packing of policies based on specific instruments, subject to positive experiences. Re-packing may in turn lead to stagnation, where elements of new policy combination may point towards decline and reinforcement. We can accordingly imagine at least three outcomes of climate policy reform: Decline, stagnation or reinforcement. Ambitiousness in terms GHG reduction will serve as the main criterion for these outcomes.

Table 1 Relationship between implementation experiences, preferences and policy reform<sup>3</sup>

<b>Experiences from implementation</b>	<b>Expected preferences</b>	<b>Reform</b>
Mainly negative: No or limited translation of EU-level envisaged benefits; considerable domestic implementation challenges	Opposition	Decline
Mixed: Varying translation of EU-level envisaged benefits; varying domestic implementation challenges	Re-packing	Stagnation (+/-)
Mainly positive: Good translation of EU-level envisaged benefits; few domestic implementation challenges	Support	Reinforcement

Based on Skjærseth et al., 2016

How then can we verify that implementation experiences affect preferences and policy reform? I propose a stepwise process tracing approach. First, we need to map national preferences when EU policies are adopted in the first place. This will represent the baseline. Second, the implementation of these policies should be examined with a focus on “distance” and domestic implementation experiences. Third, we need to trace the link between implementation experiences and (change in) preferences on reformed policies. This would have to show that new preferences have emerged as a result of implementation experiences. As preferences can change also as a result of other reasons such as EU interactions, these preferences should emerge before negotiations on reformed policies. Finally, we need to trace the link between change in preferences and the outcome of reformed EU policies. This exercise can also reveal aspects of the policy reform that cannot be traced back to changes in preferences, but require different explanations. For example,

<sup>3</sup> Applies under unanimity requirements. Table 1 can be applied to different cases or different policy cycles.

the EU institutions and negotiations at the EU level can shape member-state preferences independently of domestic sources (Eising, 2002).

### **3. Implementation experiences and preference formation in practice**

#### *Polish preferences and the climate and energy package*

In March 2007, the European Council unanimously adopted the EU 20-20-20 targets: to cut greenhouse gas (GHG) emissions and increase the share of renewables and energy efficiency by 20% by 2020 compared to 1990 levels. The GHGs target would be stepped up to 30% if an adequate climate treaty could be agreed. In the run-up to the adoption of these targets, Poland had expressed its preference for removal of the pledge for unilateral EU action if the international negotiations in Copenhagen on a successor to the Kyoto Protocol should fail (Eikeland, 2012). Poland, Hungary, and the Czech Republic also voiced concerns on how efforts to reach the climate target would be shared. Moreover, these coal-dependent states worried that a binding target on renewables could force them to invest in more expensive energy sources (Skjærseth, 2013).

In January 2008, the Commission formally proposed the climate and energy package of binding policies for achieving the 20–20–20 targets by 2020 as a first step towards a decarbonized economy by 2050. The core package negotiated in the course of 2008 included a strengthening and harmonization of the EU Emissions Trading System (ETS) covering large industrial emitters; a decision on effort-sharing (ESD) among member-states for non-ETS sectors, like transport and agriculture; a renewable energy directive (RED) for promoting renewable energy sources; and the world's first legal framework for safe capture and storage of carbon (CCS).

To make the climate and energy package politically feasible at the EU level, it was based on compensation to poorer member-states mainly from Central and Eastern Europe. Binding national targets in the non-ETS sectors (ESD) and for the share of EU energy consumption from renewable energy sources (RED) were mainly based on GDP/capita.

Auctioning revenues from the revised ETS should compensate lower-income member-states through a “solidarity fund.” Combined, these policies were intended to ensure fairness in effort-sharing. The emphasis on CCS was meant to provide a particularly attractive solution for the coal industry and consequently for Poland.

In addition to burden-sharing, the climate and energy package aimed at providing new low-carbon opportunities by reducing the need for imported hydrocarbons and strengthen energy security, creating new “green” jobs and stimulate energy technological innovation. A European strategic energy technology plan (SET-Plan) was proposed, to lower the cost of clean energy and place the EU at the forefront of the low-carbon technology sector.

In Warsaw, the first government of Donald Tusk had taken office in October 2007. It entered the negotiations with a reluctant but somewhat mixed attitude. On the one hand, Poland’s GHG emissions had dropped significantly since 1989 as a result of modernization of the economy, and the Polish focus on affordable and secure energy supply as a major oil and gas importer from Russia was in line with EU priorities. On the other hand, Poland opposed the EU ETS, which would punish coal severely by carbon pricing, and the EU’s ambition of showing leadership-by-example in the upcoming international climate negotiations in Copenhagen. The stage was set for hard negotiations between the EU and Poland on the proposed package. Poland coordinated its position with the Visegrad Group (V-4), which from 1991 came to include the Czech Republic, Hungary, Poland, and Slovakia.<sup>4</sup>

Negotiations on this package proposal gained momentum from July 2008, when France took over the EU Presidency from Slovenia. The package was to be adopted in the European Council by *unanimity* in one single round. Poland fronted the opposition, and preferred three specific changes to the proposed revision of the EU ETS: price controls in the form of a carbon-price ceiling; free allowances for electric power plants,<sup>5</sup> and more financial assistance from auctioning revenues under the EU ETS. The coalition of many CEECs, headed by Poland, threatened to veto the whole package if the energy situation in these countries were not taken sufficiently into account (Ancygier, 2013:126). To prevent this, Commission representatives travelled to Warsaw to “sell” the climate and energy package by empha-

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<sup>4</sup> <http://www.visegradgroup.eu/documents/presidency-programs/2008-2009-polish-110412>. Accessed 30.01.14.

<sup>5</sup> Poland particularly opposed full auctioning from 2013.

sizing synergies and new low-carbon opportunities. On December 12, 2008, a final compromise was reached on the EU ETS. Poland and other CEECs won concessions that would postpone the phase-in of auctioning for power plants and increase the solidarity fund from 10% to 12% of the auctioned allowances – well below the demanded 30%. And finally, Poland did not get a carbon-price ceiling accepted.

The negotiations on the CCS proposal introduced significant changes in measures for incentivizing CCS (Chiavari, 2010). After long and complex negotiations, it was agreed that 300 million allowances from the ETS New Entrants' Reserve (NER-300) would be set aside to co-finance up to 12 commercial CCS demonstration projects and new renewable energy technologies. Poland was positive to CCS funding, but opposed CO<sub>2</sub> emissions limits on power stations, to force the use of CCS on future coal power. Concerning the renewables, the government sent somewhat mixed signals. Poland was positive to co-firing biomass and coal, but was also concerned about increases in electricity prices. Poland argued for a somewhat lower share than the proposed 15% increase in renewables for Poland (Ancygier, 2013:333), although this demand was put forward with significantly less intensity compared to the ETS derogations. For sectors outside the ETS included in the Effort Sharing Decision, Poland accepted a generous national target of 14% increase in GHG emissions by 2020 compared to 2005.

The upshot was great but varying “distance” between domestic status quo and Polish preferences put forward with differing intensities and the negotiated outcome. Poland strongly opposed a more ambitious ETS and managed to get several concessions, but these were far from meeting Polish demands. On RED, Poland had to accept a somewhat stricter renewables target than preferred. Poland had no experience with CCS, but welcomed the CCS Directive and the NER-300. The proposed Polish ESD target of 14% increase in emissions was seen as generous, and was accepted without resistance.

## *Implementing the climate and energy package in Poland*

The climate and energy package prepared by the European Commission was based on a thorough assessment of how the different proposals would work together to level the costs among member-states. However, these EU-level calculations did not include distributional consequences within the member-states.

Concerning *affected societal actors*, the EU ETS and the RED would affect mainly the country's electric power and energy-intensive industry. Electric power producers and energy-intensive industry were united in their opposition to the EU climate and energy package. Together with the major power producers, the Polish Chamber of Commerce—representing over 150 business organizations—prepared an assessment of EU climate and energy policies (EnergSys, 2012). For the energy sector, electricity prices were expected to increase with implementation of the current 2020 package. The annual costs for Poland would rise sharply, weakening the competitiveness of its industry, in turn leading to lower economic activity and higher unemployment.

The benefits identified are related to the development of low-emission technologies, but most of these will remain based on imports. The renewables industry (other than co-firing) is dominated by foreign companies and depends on technology import.<sup>6</sup> Innovation and first-mover advantages in wind or solar were not seen as viable options. The only case in which Polish companies can create added value on a bigger scale is in biomass technologies. In essence, costs will be concentrated to the major economic sectors, whereas the benefits to these sectors and to society are deemed negligible.

Societal actors' opposition and reluctance to the EU climate and energy package for 2020 is difficult to understand from *actual* 'negative' affectedness. Polish societal actors view EU 2020 policies as part of the EU's long-term decarbonization effort by 2050. This makes their *perceptions* of the long-term costs the most important concern. The EU climate and energy package has not yet significantly affected Polish ETS or non-ETS sectors due to the economic crisis, falling emissions, low carbon prices, free allowances for energy-

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<sup>6</sup> The most active foreign investors are Vortex, EDP, RWE, E.ON, CEZ, GDF Suez, Mitsui & J. Power, Acciona (wind farms), Dalkia (biomass combustion), Poldanor, AXZON Group (biogas plants). Also some Polish actors are investing in renewables, e.g. Enea, Energa, Tauron, PGE. See: [http://www.paiz.gov.pl/sectors/renewable\\_energy](http://www.paiz.gov.pl/sectors/renewable_energy). Accessed 09.04.14.

intensive industry, and auctioning derogations for electric power industry using co-firing of biomass and coal as their main renewable strategy.<sup>7</sup> The EU ETS has not proved a real threat yet to Polish coal, but rather a source of government revenues from auctioning emission allowances.

Societal resistance has been effectively channeled to governmental decision-makers. First, as EU climate and energy policies are blamed for increase in electricity prices, these policies are unpopular among the voting public. The people have high expectations of improving their standards of living after the socialist years—and lawmakers tend to respond to and promote constituency interests concerning electricity prices. The government focuses on the negative effects of EU climate and energy policies for high-carbon economies, with a significantly greater slump in household consumption than the EU average (Boratyński et al., 2014).<sup>8</sup> The concern with negative consequences of EU climate policies is reinforced by the relatively low societal concern for climate change and willingness to take action in Poland (Ministry of Environment, 2013; Eurobarometer, 2014). Illustrative here is also Poland's veto to the Commission's energy- and low carbon roadmaps for 2050. Poland's veto was welcomed by representatives of all parties represented in Polish Parliament (Skjærseth, 2014). In an online survey just after the veto, 91% of the public respondents approved the veto decision (Ancygier, 2013:127; 182). The counterforces in favor of an ambitious climate policy are regarded weak. The environmental movement is active on climate change, but has limited support and political influence (Ancygier, 2013).

Second, the four state-owned electric power groups form a “social bloc” particularly in their opposition to carbon pricing, protection of coal and laws aimed at stimulating decentralized renewables. These groups guard their position—and fear what they see in Germany, where large German utilities have been outperformed by a renewables policy based on feed-in tariffs, with a surge in new decentralized renewable-power production followed by the shut-down of conventional power plants. The major electric power groups have significant influence of policymaking. These groups are partly owned by the Ministry of Treasury, and their key resource—coal—are supported by virtually all political parties. No

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<sup>7</sup> The carbon price plunged from nearly EUR 30 in spring 2008 to just above EUR 5 in spring 2014.

<sup>8</sup> This study was prepared by the Center for Climate Policy Analysis, established by the Ministry of Environment, the Ministry of Finance and the Ministry of Economy.

political party has taken a clear position on limiting the role of coal in the economy (Bukowski, 2013:197).

Implementation of the EU climate and energy package has also made the government more coherent in its opposition. In 2009, Poland's Ministry of the Environment (responsible for climate policy) and its Ministry of Economy (responsible for energy policy) signed a new integrated strategy—the first time that representatives from these ministries sat around the same table to develop a joint strategy. The result was a common strategy for “Energy Security and the Environment,” which formed one part of a larger nine-point national strategy towards 2020 (Ministry of Environment, 2013). The Ministry of the Environment, the Ministry of Economy and the Ministry of Finance joined forces in a *Center for Climate Policy Analysis* to assess the (negative) implications of EU climate and energy policy for Poland (World Bank, 2011; Boratyński et al., 2014).

The broad-based societal and governmental resistance and increased coherency has led to challenges regarding implementation. Poland has made systematic efforts to make the ETS fit with its coal-based electricity production also after the adoption of the revised ETS Directive. Poland exploited derogations for free allowances in the power sector to reinforce coal power; it did not decide to use auctioning revenues for climate projects; and it opposed benchmark rules based on products, arguing that the fuel-mix should (i.e. coal) be taken into account (Skjærseth, 2014).<sup>9</sup> Poland also opposed Commission initiatives to stabilize and increase the carbon price. Still, and somewhat paradoxically, the low carbon price coinciding with the ‘strengthening’ of the ETS made the trading system less threatening to Polish coal than expected.

Implementation of the Renewable Energy Directive has also had a bumpy ride in Poland. The implementation process has been characterized by draft legal proposals, consultations, amendments and new draft proposals (Ancygier, 2013). A recurrent issue has been whether new legislation should reduce support for co-firing biomass and coal supported by the big energy groups or increase support for less mature technologies and smaller local energy groups by means of feed-in tariffs. The RED includes a binding target for Poland to increase the share of renewable energy sources from 7.2% in 2005 to 15% by 2020

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<sup>9</sup> Resistance proved generally unsuccessful: Poland lost in most instances, and had to accept the Commission's interpretation through Court rulings or the will of the qualified majority.

(of gross final energy consumption) along a trajectory of interim targets. In March 2013, the Commission referred Poland to the European Court of Justice for failure to transpose the Renewable Energy Directive, and proposed high daily penalties based on the duration and gravity of this infringement (Skjærseth, 2014). The RED was finally transposed in 2015, nearly five years after the EU deadline.

For Poland, CCS could provide an opportunity to combine its coal industry with an ambitious climate policy. Implementation of the CCS Directive in Poland has been a lengthy and somewhat confusing process. The Polish government (the Ministry of the Environment and the Ministry of Economy) aimed to construct two large demonstration projects by 2015 as part of the wider EU CCS program (IEA, 2011). Both projects have now been cancelled, due mainly to lack of funding, but also because of legal barriers following the late and deficient transposition of the CCS Directive (ClientEarth 2013, p. 42; Jendroska 2014). The lack of funding is due in part to the low carbon price, which has weakened the NER-300 and generally provided scant incentives for CCS investments. And so, this low-carbon opportunity particularly tailored for coal plants and for countries like Poland is defunct, at least for the time being.

The Effort Sharing Decision (ESD) establishes differentiated annual national GHG emissions targets for the non-ETS sectors, 2005–2020. As a relatively poor EU country, Poland is allowed to increase its emissions by 14% in sectors not covered by the ETS. Despite slow progress, Poland has projected 2020 ESD emissions below the 2020 annual targets under current national policies and measures. However, challenges may arise in the transport sector (OECD 2012:112). If Poland does not succeed, the ESD includes several flexibility mechanisms that will ensure goal attainment. Projections indicate a large surplus of AEs in the EU by 2020 (EEA, 2014). The economic crisis has contributed significantly to this situation by reducing activity in the non-ETS sectors, transport in particular (Eurostat, 2015).

### *Implementation experiences and change in preferences*

Poland clearly fits into the “mainly negative experience” category. It was not pleased with the package, which did not fit well with the country’s energy-economic situation, climate policies, or negotiating positions. The synergies envisaged by the EU as regards “green” jobs, innovation, and keeping coal carbon-neutral through CCS have failed to materialize. Quite the contrary: climate and energy concerns have increasingly clashed. Carbon pricing and renewable subsidies are seen as threatening to indigenous coal, impinging on national energy security. Implementation of the RED has proven extremely politically contentious. Growth in the share of renewables has done little to reduce Poland’s energy-import dependency: instead, import dependency has risen, alongside the increase in renewables (Eurostat 2007; 2014). Subsidies to promote renewable energy have only to a limited extent spurred “green” growth in terms of new jobs, as a result of co-firing biomass and coal as the preferred option. Dissatisfaction with the EU package came to a head in 2012, when the main opposition party presented—albeit unsuccessfully—a resolution in the Parliament calling for renegotiation of the EU climate and energy package (Skjærseth, 2014).

These experiences resulted in systematic but varying opposition to more ambitious long-term EU policies (Ministry of the Environment, 2013b; Ibec, 2013). The experiences were shared by several other CEECs (Skjærseth et al, 2016). First, Poland opposed new national targets on renewables, arguing that subsidies for renewables in the energy production sector should be withdrawn. Second, CCS had now come to be seen as obstructing the development of clean-coal technologies. Third, the EU ETS had proved less threatening than expected and should be the main instrument for reducing GHG emissions in the EU. Fourth, Poland accepted continuation of effort sharing in the non-ETS sectors based on GDP/Cap. Finally, a new, binding GHG target should be made conditional on agreement at the COP21 in Paris 2015, and be adopted afterwards. All this indicates some interesting changes in preferences for 2030 compared to the “baseline”:

- Opposition to the EU ETS had apparently eased. This can be linked to few domestic implementation obligations, a low carbon price, and a large surplus of allowances that would prevent a high carbon price by 2030 in the absence of adequate countermeasures.
- Poland had initially welcomed CCS, but no longer. This can be linked to challenges in implementing the CCS Directive and the complete failure in building CCS pilot plants.

- Poland had initially accepted the RED, but was now unwilling to accept new binding national targets. This can be linked to implementation challenges and negative implementation experiences.
- Poland did not change position on the ESD based on GDP/Cap. The ESD target for 2020 can be reached in the absence of new policies and measures

The low priority of climate change also indicates that the implementation of the EU climate and energy has not affected social norms in the direction of needs for future generations. Moreover, Poland does not share the EU-leadership-by-example vision. On the contrary, Poland has since 2007 consistently argued that the EU should base its climate policy on the outcome of the international negotiations and not the other way around.

#### **4. Linking change in preferences to new EU 2030 policies**

In January 2014, the Commission adopted the 2030 proposal, based on consultations with member states and other stakeholders, which included a 40% reduction of GHGs as binding unilateral target to be achieved by ETS and non-ETS sectors—thus signaling a departure from international flexibility (Commission, 2014). A renewable energy target of at least 27% by 2030 was proposed, but at the EU level only: this was slightly above expected developments in Commission “business-as-usual” scenarios (24%) and would not be translated into new and binding national targets. CCS was not mentioned, and no new CCS goals were proposed.

Initial responses to the Commission’s proposal showed deep divisions among two groups of states. The first was the Green Growth Group, an informal grouping of like-minded energy, climate, and environment ministers from 13 EU member-states, plus European Economic Area-member Norway. This group issued a joint statement prior to the March 2014 European Council, endorsing the core elements as set out by the Commission (Green Growth Group, 2014). The other group was led by Poland, supported by other CEECs that agreed on a common list of demands.<sup>10</sup> Their major points were full national sovereignty

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<sup>10</sup> The Visegrad Group Countries, Romania and Bulgaria Joint Paper on the EU climate and energy framework 2020–2030. May 2014. On file with this author.

over the energy mix and protection of coal, more EU subsidies to modernize energy systems, and a heavier burden on the “rich” EU countries that were arguing for a more ambitious climate policy. Compared to Poland’s earlier veto of the 2050 roadmaps, the focus on demands could be said to signal a somewhat more constructive attitude probably as a result of preferences already taken into account by the Commission on CCS and renewables.

The adoption of climate and energy targets and policies for 2030 required unanimity in the European Council, as with the targets and policies for 2020. Poland demanded that targets and policies be negotiated together in one round, in order to get control over the subsequent development of legislation based on a new framework. The position of Poland in alliance with other CEECs led to a sense of drama in the summer and early autumn of 2014.

In October 2014, the European Council adopted a compromise on the new 2030 climate and energy framework—which included the new binding domestic reduction goal of at least 40% reduction in GHG emissions, 27% increase in renewable energy consumption (binding only at EU level), and an indicative target of 27% increase in energy efficiency. Poland thus accepted new 2030 EU policies as the principal climate policy instrument *before* the Paris climate negotiations in December 2015. Concessions granted to Poland and its allies included the text of the first paragraph in the conclusions from the heads of states and governments, which states that the European Council will keep all the elements of the framework under review and will continue to provide strategic orientations as appropriate—notably with respect to consensus on ETS, non-ETS, interconnections, and energy efficiency (European Council 2014). This paragraph would appear to give Poland greater control over subsequent legislative development. Second, the European Council would “revert” to the framework after Paris—a formulation which could also be interpreted as a concession to Poland.

Several further concessions were given to Poland and other low-income CEEC member-states, including ETS auctioning derogations for the electric power sector, and subsidies through various funds. A new “modernization fund” has been designed to give Poland over 40% of the revenues for modernizing its energy sector. No new goals or policies for CCS have been adopted. Finally, the framework recognizes indigenous coal and shale gas as important for energy-security options. Full respect for the freedom of member-states to

determine their energy mix has been explicitly included, and the new renewable-energy goal is linked to a rather vague section on (energy) governance and the idea of an Energy Union.

The Council would 'revert' to the framework after Paris – indicating that the targets might be adjusted in light of the outcome. The 1.5°C aspirational goal agreed in Paris created a 'distance' between the Paris Agreement and EU targets which are based on the '80–95% by 2050' to limit global warming to 2.0°C (European Council, 2009). Nevertheless, the Commission and the European Council have concluded that the EU 2020 and 2030 targets would remain unchanged after Paris (Commission, 2016; European Council, 2016).

## **5. Analysis**

Poland did not favor most of the components in the EU climate and energy package of policies adopted by unanimity in 2008 to attain 2020 climate and related energy targets (Table 1). In particular, it opposed the EU ETS that puts a price on carbon and thereby punishes coal hardest. However, Poland did not veto the package. Although difficult to verify, there are various plausible reasons. When Poland entered the EU in 2004, it lacked experience of how the EU works. That the 20-20-20 targets were followed by ambitious new and binding EU policies apparently came as a surprise. Second, Poland had not undertaken proper assessments of the internal impacts before the package was adopted. Third, Poland was persuaded by the Commission as regards advantages, as with CCS, 'green' growth and funding to modernize the energy system. Fourth, there could be significant political costs in other issue-areas for Poland by vetoing the package. Finally, Poland succeeded in obtaining various derogations, burden sharing based on GDP/Cap and extra funding in the negotiations.

Table 1: Polish implementation experiences, preferences and EU policy reform

<b>Policies/policy phases</b>	<b>Preferences on policies for 2020</b>	<b>Implementation experiences 2009-2015</b>	<b>Preferences on policies for 2030</b>	<b>2030 EU framework outcome</b>
ETS	Opposed/accepted	Mixed	Accepted	Key pillar
RED	Accepted	Mainly negative	Opposed	Binding national targets abolished
CCS	Welcomed	Mainly negative	Opposed	No new policies and targets
ESD	Accepted	Mixed	Accepted	Key pillar

From 2009, the package was implemented domestically. Four observations stand out. First, a certain “distance” could be identified between Polish policies and preferences put forward in the negotiations and the final EU outcome. This would serve to activate different types of societal and governmental responses. Second, the costs have been concentrated to specific and politically influential societal groups, whereas the benefits are seemingly insignificant. Third, how affectedness is perceived appears to be a more important concern than actual affectedness. Targets and policies for 2020 are seen as the start of a long-term process towards decarbonizing the EU by 2050. This is perceived to threaten indigenous Polish coal and energy security. The energy groups as well as households fearing increase in electricity prices have effectively channeled their resistance to decision-makers. Fourth, we have noted an interesting institutional consequence. The EU climate and energy package improved the coordination between relevant ministries and enhanced the internal unity of governmental preferences. This has most likely enhanced Poland’s influence on the 2030 reform. We have no indications that implementation has stimulated social norms in favor of the needs of future generations or the actions of other member-states more inclined to take climate action. On the contrary, the EU climate and energy package has apparently provoked governmental and societal actors and fueled opposition. The economic crisis unfolding when the package was implemented might seem an obvious explanation for mainly negative implementation experiences in Poland. However, Poland was the only EU member state to

experience economic growth throughout the crisis. The crisis led falling emissions which actually made implementation easier and less costly.

The implementation experiences of the climate and energy package caused some interesting changes in Polish preferences for specific EU 2030 policies (Table 1). On the one hand, CCS had failed and Poland did not favor CCS any longer, and strongly opposed new, binding national targets as to renewable energy based on mainly negative implementation experiences. On the other hand, the EU ETS had not led to significant costs as expected, as a result of the financial crisis, falling EU emissions and the low carbon price for the ETS sectors. Preferences for the ESD covering the non-ETS sectors did not significantly change. Poland achieved a generous deal on the ESD back in 2008 and expects to reach its 2020 target without any new policies and measures. Moreover, Poland's new preferences for long-term EU policies became more internally coordinated, and shifted from vetoing long-term roadmaps to demands for 2030 policies.

Implementation experiences and change in preferences on specific policies fed into and influenced the negotiations on the new EU 2030 climate and energy framework, both through the Commission consultations and directly in the European Council negotiations. Poland was followed by several other CEECs with similar implementation experiences (Skjærseth et al., 2016). The outcome of the EU policy reforms for 2030 shows that new EU 2030 framework represents a “re-packaging” compromise to satisfy the main veto players, with substantial concessions to Poland and other CEECs. The agreement clearly reflects varying experiences with implementation—including poor experiences with implementing CCS and the RED. No new targets for CCS have been adopted—and CCS is the key solution for bridging the gap between climate-policy and energy-security concerns, particularly for member-states relying on indigenous coal. The renewable energy target has been somewhat strengthened at EU level (from 20 to 27%), but has also been weakened by the absence of new, binding national targets for attaining the EU target. The combination of binding national renewables targets and support schemes for 2020 has proved essential for promoting greater renewable-energy consumption in the EU (Skjærseth, et al. 2016).

The GHG emissions target has been significantly strengthened by raising the level of ambition from 20 to 40% and by excluding import of external credits for meeting the target. The EU ETS and the Effort Sharing Decision were identified as the main instruments for

attaining the 40% GHG reduction target. Implementation of these instruments for 2020 has entailed significantly less costs and implementation efforts than expected before the financial crisis fully unfolded. However, the 2030 EU climate and energy framework must be specified through further detailed legislation that will determine the full ambitiousness of the 2030 policies. As the reform process stands now, a tentative conclusion is that some EU policies have been re-packaged (RED and CCS), whereas GHG reductions based on the ETS and the ESD target have become more ambitious.

Nevertheless, the EU 2030 climate and energy framework mirrors Polish preferences only partly, even though it was adopted by unanimity and contains several concessions to Poland. As Poland and its allies accepted a 40% domestic GHG reduction target already before the December 2015 COP21, implementation experiences and the preferences of the ‘least ambitious’ member states are clearly not the only explanation of the outcome. There are various plausible reasons linked to LI, MLG, and Supranationalism explanations. First, several other member-states—including Germany, the UK, and France—pushed for the 40% target. For Poland, the political costs of not giving anything would be extremely high. Second, issue-linkages can prove effective for raising ambitiousness under unanimity. EU climate and energy policies take the form of policy packages that provide compensation and enhance the scope for mutual benefits. Third, the European Commission and the European Parliament pushed for ambitious 2030 targets and policies. Finally, the EU has aimed at a leadership-by-example role in international climate policies since the 1990s. The EU would lose all credibility if it had not submitted an ambitious INDC well before Paris. The combination of these factors contributed to “soften” Polish resistance.

## **6. Conclusions**

This paper has explored to what extent, how and why domestic implementation experiences affect national preferences and subsequent reform of EU targets and policies. Poland was selected as a critical case (under unanimity) as the “least ambitious” member-state; it has also frequently acted as a leader for other likeminded CEECs.

We can conclude that the EU has only partly succeeded in gathering momentum through a “snowball effect” whereby positive feedback from implementation generates further steps. The analysis of implementation indicates mixed and negative experiences in Poland rather than a ‘positive’ feedback. Studies of other member states also show significant variation in implementation experiences between countries and policies. An alternative development based on the economists’ “law of diminishing returns” cannot be ruled out. Here, the first steps are likely to be the easy ones. According to this “law,” it would become increasingly difficult and costly to promote new joint policies; and governments and societal actors would gradually become more reluctant as regards implementing them. The jury is still out on this. Before 2018, the EU will have to adopt a range of binding climate and energy policies that must be implemented to deliver on the 2030 framework as a step stone towards 2050 decarbonization.

In the meantime, we can point to some conditions to speculate as to what may drive Poland towards a ‘greener’ pathway in the future. Several comprehensive, independent studies have held that the transition to a low-carbon economy in Poland will benefit investors and economic growth, reduce energy consumption, develop technology, create jobs, raise the level of energy security, and improve health (see e.g. Bukowski, 2013). Adaptation pressure from the EU is likely to grow for the ETS sectors with the recently adopted Market Stability Reserve. Higher carbon prices towards 2030 will make new investments in domestic coal increasingly risky. The EU pressure in favour of renewables will probably recede, but renewables – particularly solar – is getting cheaper and may become competitive without state subsidies. Domestic politics may also change. Social demands and organizations pushing for climate policies may increase and become stronger. This potential pressure from ‘below’ may affect the priorities of (some) political parties on future climate and energy policies. Finally, a stronger decentralized renewable industry as a result of RED transposition may gradually reduce the political influence of the major coal based electric power companies.

Lessons can be drawn from EU experiences with climate policy initiation, adoption, implementation and reform. With the Paris Agreement, domestic implementation will become increasingly important for practitioners and scholars. The Intended Nationally Determined Contributions (INDCs) need to be implemented domestically to attain targets by

2025 or 2030. As climate change is a long-term challenge towards 2050 and 2100, national targets and policies will have to be adopted, implemented and reformed in several rounds in order to deliver on the 2°C target and the intended 1.5°C target in the Paris Agreement. This dynamic feature has been made mandatory, obliging the parties to communicate new INDCs every five years with a view to raising their level of ambition.

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## Interviews

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