

## Secure and solidarity-based transition. Tasks for the Polish EU Presidency

**From 1 January 2025, Poland will assume the presidency of the Council of the European Union and will have the opportunity to influence the direction and shape of EU policies for the next six months. This is an important moment in the history of the EU, geopolitical tensions are rising and expectations of Poland are high. Which areas in the field of energy and climate should become priorities during the Polish presidency? The keys for selecting the priorities are an analysis of where Poland has strong arguments supported by experience and determining what is likely to gain attention across the EU.**

### Global context – instability the new normal

The Polish presidency of the EU Council will come at a time of serious risks to European security related to Russian aggression against Ukraine and conflict in the Middle East, and it also will be a moment when a new US president takes office. Maintaining transatlantic relations regardless of the outcome of the US election is crucial for the EU in the face of rising global tensions.

Challenges to the competitiveness of European industry, the energy crisis, climate considerations, disinformation and polarisation, and protests by various social groups in many European countries are all causing major turbulence in the EU, which also must be on the lookout for a way to ensure economic growth and remain a competitive player on the global stage. Added to this is the debate on enlargement of the EU with new Member States and the announcement of treaty changes. Fresh ideas are needed and Poland can have an important voice if it seizes the moment.

### The European context – a jigsaw puzzle with hundreds of pieces

Elected for a second term, European Commission President Ursula von der Leyen in mid-July presented new political guidelines for the next five years<sup>1</sup>. She announced the continuation of an ambitious climate policy, which will be strengthened by a robust industrial component. These include initiatives to support the decarbonisation of European industry and the development of new technology capacities within the union. Back in June, the EU's leaders adopted the Strategic Agenda<sup>2</sup>, which includes the rule of law, security and defence, the single market, competitiveness, and the green and digital transformations. The EC's political programme and the Strategic Agenda are documents defining the goals and tasks of the community for the next five years, so the priorities of the presidency should not only fit in with these, but also be a creative complement to them.

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<sup>1</sup> [https://multimedia.europarl.europa.eu/en/video/statement-by-european-commission-president-ursula-von-der-leyen-candidate-for-a-second-mandate-2024-2029-speech-by-ursula-von-der-leyen\\_1258785](https://multimedia.europarl.europa.eu/en/video/statement-by-european-commission-president-ursula-von-der-leyen-candidate-for-a-second-mandate-2024-2029-speech-by-ursula-von-der-leyen_1258785)

<sup>2</sup> <https://www.consilium.europa.eu/pl/policies/strategic-agenda-2024-2029/>

During the presidency, Poland will not only seek to implement a political agenda but also must handle matters arising from the EU schedule and the revision of legislation. In the area of energy and climate, this will be:

- Revision of the Energy Union Governance Regulation 2018/1999, important in view of the work on the National Energy and Climate Plan (NECP) and long-term energy transition planning;
- Revision of the Regulation on the security of gas supply 2017/1938, which needs to be updated due to changes in the EU gas market after the Russian aggression against Ukraine;
- Revision of the Electricity Risk Preparedness Regulation 2019/941, which deals with the resilience of electricity systems to disruptions and risks and includes measures to deal with emergency situations in the electricity sector;
- Notification of National determined contributions (NDCs) for 2035 under the Paris Agreement, which set out the Community's commitments in the context of global climate policy;
- Revision of the European Climate Law related to the setting of reduction targets for 2040, in which the EU is supposed to set intermediate targets between 2030 and 2050;
- EC report on the functioning of capacity remuneration mechanisms and proposals for their reform; and,
- The beginning of work on the review of the ETS and the Modernisation Fund, which is important from the point of view of further decarbonisation of energy and industry, as well as financing the transformation.

Important to the activities of the Polish presidency also include the context of the:

- Completion of the contract for the transit of Russian gas through Ukraine at the end of 2024, which is important for the gas supply of Central European countries (Slovakia, Hungary, Austria);
- Synchronisation of the electricity grids of the Baltic countries with the system of Continental Europe, scheduled for February 2025. This is an important and historic event, which marks a farewell to dependence on the Russian system and will weaken the possibility of energy blackmail by the Kremlin. It is important that the Polish presidency adequately prepares for this occasion, both from the point of view of the risks it entails for network security and the appropriate visibility of the event in the EU arena; and,
- Development of social climate plans (SCPs) by the Member States by June 2025. The plans will identify ways of additional financing related to the implementation of climate policy (ETS2) in households. The proper preparation of Poland's SCP, as well as mobilising other countries to develop appropriate plans, will be important for further work on the social aspects of the energy transition.

The Polish presidency will also coincide with the start of negotiations on the Multiannual Financial Framework (MFF 2028-2034), which defines long-term objectives and priorities for EU spending over a seven-year period. Poland needs to prepare properly for these negotiations so that spending on the energy transition, for example, from the Cohesion Fund or the Just Transition Fund, are not reduced.

Many of the listed energy and climate contexts that Poland will pursue during its presidency merge into macro themes that should become priorities for Poland.

## Proposed priorities

The agenda of the presidency should respond to pan-European challenges, but at the same time take into account the specificity of Poland and Central and Eastern Europe. The essence of such proposals is to gain the support and favour of Member States and EU institutions. We propose that Poland's priorities in the field of energy and climate should focus on topics related to ensuring a **secure and socially acceptable energy transition**. These are topics that have recently gained importance and are in line with Poland's interests

### Updating the Energy Security Strategy

As the energy transition continues and electrification increases, the European Energy Security Strategy needs to be updated. The last version was adopted in 2014 and, for the most part, its provisions are far from today's reality. Technological advances in renewables, digitalisation, sector integration, and the ever-increasing energy import bill mean that the approach to energy security needs to change.

Poland has built merit in energy security through its consistent implementation of a policy of diversification of fuel supplies, both gas and oil. Therefore, during the presidency, it could initiate work on a new strategy for energy security of the EU that should take into account ensuring the stability of energy system operation in an era of electrification, amid the development of renewable energy sources, and with a focus on energy efficiency. It is crucial to develop reliable electricity grid infrastructure and to take care of its physical security and resistance to cyberattacks. The coordination of the development of transmission infrastructure and the sharing of generation resources and flexibility between the Member States will also be important aspects. The rise of new technologies also requires ensuring new supply chains for critical raw materials and building resilience to possible disruptions in this area. Keeping energy prices in check – which affects economic security – will also be a very important element.

### The social dimension of the transition

In the coming years, the energy transition will involve not only industrial sectors but also households and the transport sector. The changes will be acceptable if the aims are clearly communicated and technical and financial support mechanisms are well designed and implemented, and at the same time governments adopt a clear strategy towards the changes and deal with disinformation.

It will be crucial to prepare Social Climate Plans, which should be ready by June 2025 and identify vulnerable households and present a strategy on how to protect them from rising costs. A price corridor for emission allowances in the planned ETS2 could also be proposed under the ETS Directive, which would guarantee greater price predictability for households and protect them from excessive cost increases.

Funding for initiatives aimed at the “just” transition (e.g., a Just Transition Fund for coal regions) should remain a priority. However, this implies the need for the Polish government to urgently address the topic of supporting coal regions facing a change in the functioning of the local economy. Unfortunately, this is currently a topic to which the government pays little attention. This should change if the time of the presidency is to be used to maintain or increase funding for the Just Transition Fund, which is designed to support social and economic transformation in post-mining regions.

### Industrial policy and financing of the transition

During the presidency, Poland should emphasise the need for financial reinforcement of the energy transition and the proper conduct of industrial policy. Such support is needed for European industry to be able to compete globally, generate further economic growth and create innovative jobs. Support is needed in particular for

smaller and less prosperous countries that do not have much fiscal capacity. A balance also needs to be maintained between support for large companies and support for small and medium-sized enterprises, bearing in mind that global powers such as China and the U.S. generously support their enterprises, which creates competitive imbalances and limits the development opportunities of European companies.

During the presidency, Poland should propose setting up a special fund to support the production of new and clean technologies in the EU. At the same time, this means that we should already be actively seeking to locate such initiatives in Poland. The fund's rules should be flexible, and its scope should cover not only capital investments but also the effective implementation of solutions. The fund should respond to the needs related to the expansion of production capacity for key clean technologies in Europe. Great attention must be paid to distributing funds in such a way as not to unduly support the most prosperous Member States with the most developed industrial base.

### **Cooperation with EU neighbours, accession negotiations with Ukraine**

The Polish presidency should focus on promoting energy and climate cooperation with neighbouring countries, especially EU candidate countries. Through alliances and partnerships, e.g., the Energy Neighbourhood Partnership, which would offer financial support for investments in RES, energy storage, and efficiency, this would promote European regulatory solutions and businesses involved in the transition.

The time of the Polish presidency will also be important for the conduct of accession negotiations with candidate countries. EU enlargement will have a strategic, geopolitical character and, in the case of Ukraine, will be directly linked to maintaining security in the region. However, the strategic aspect should not overshadow the need to preserve the pragmatic benefits and need to understand the challenges of EU enlargement. The presidency can be used to evaluate the potential benefits and risks for the economies of EU countries and Ukraine arising from the accession of such a large country. It will also be necessary to provide support for market and sectoral reforms in Ukraine to best prepare it for EU membership based in part on Poland's experience. The presidency should also mobilise equipment and financial support aimed at ongoing reconstruction of the damage to the Ukrainian energy sector and initiate measures to ensure rapid support for the next winter season, which may include the construction of small-scale generation units or increased capacity on interconnectors with neighbouring EU countries.

### **Summary**

The Polish presidency comes at an important time for Europe. Not only is a new EU political agenda being shaped, but enlargement and internal reforms of the community are also imminent. The world is in turmoil, existing alliances are being re-evaluated, and economic and trade relations are changing. This is a unique opportunity to showcase Poland's fresh approaches and strength as a country setting the tone for the European debate. Rethinking and selecting the right priorities will help shape further policy and legislative initiatives, but may also foster coalitions in the future. It is worth not wasting this opportunity.

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