



Energy sector in EU-10

Common challenges, common actions

Prague, 23rd-24th of May 2011

European dream

- ▶ *„The American dream is always the success of an individual. Some people win everything, while others lose everything. **The European dream believes in a community** – no one should be a loser. You, Europeans, are trying to put everyone into social mechanisms.”*

Jeremy Rifkin, expert on US matters, economist and political scientist. Adviser to the European Commission, European Parliament and leaders of several European countries.

Europeans „genetically prone” to forming communities



We are quite good at forming communities



We are quite good at forming communities



Formation of communities usually starts from energy safety

***EUROPEAN COAL AND
STEEL COMMUNITY
1952***

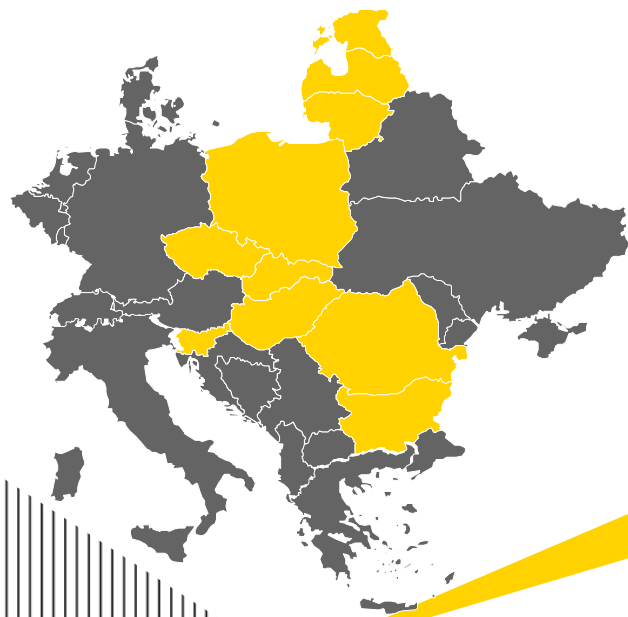


***EURATOM
1957***



When do we **unite**? History tells us that...

- ▶ When we discover that others are in a similar situation
- ▶ When we share passions / interests / businesses
- ▶ When we have a common target
- ▶ When we have a common enemy / threat
- ▶ When it is more profitable than playing solo...



Why should EU-10 energy sector firms cooperate?

EU-10 Members are facing similar challenges

- ▶ „Economic delay” and expected quicker economic growth than in EU-15 Members. GDP per capita annual rate in EU-10 is EUR 9k – 31.9% of EU-15’s value
- ▶ Low energy consumption and expected significant increase correlated with economic growth – in EU-10 average annual electricity consumption per capita is 3.8 MWh – only 59% of EU-15’s average
- ▶ Advanced age of generation and transmission assets in majority of countries
- ▶ Great need for diversification of natural gas and oil supply routes– according to geographic location and dependency on imports from Russia



EU-10 Members are facing similar challenges

Obligations coming from Climate Package creating further investment needs:

- ▶ Necessary change of fuel mix in electricity and heat sector
- ▶ Development of clean coal technologies, including CCS
- ▶ Earlier replacement of fully depreciated coal generation units

EU-10's investment challenges above are not fully compensated by the European Cohesion Policy.

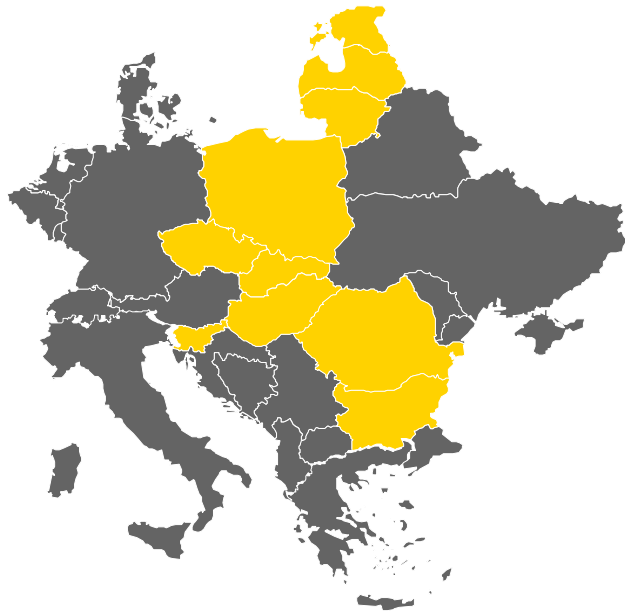
EU-10 Members are facing similar challenges

	 Poland	 Czech Republic	 Romania	 Bulgaria	 Hungary	 Slovakia	 Lithuania	 Slovenia	 Estonia	 Latvia
South-North Gas Corridor										
LNG Terminal										
Nabucco pipeline										
Nuclear Power Plants										
Renewable Energy Sources										
Gas Storage										
Gas interconnectors										
Transmission Lines										

Directly interested

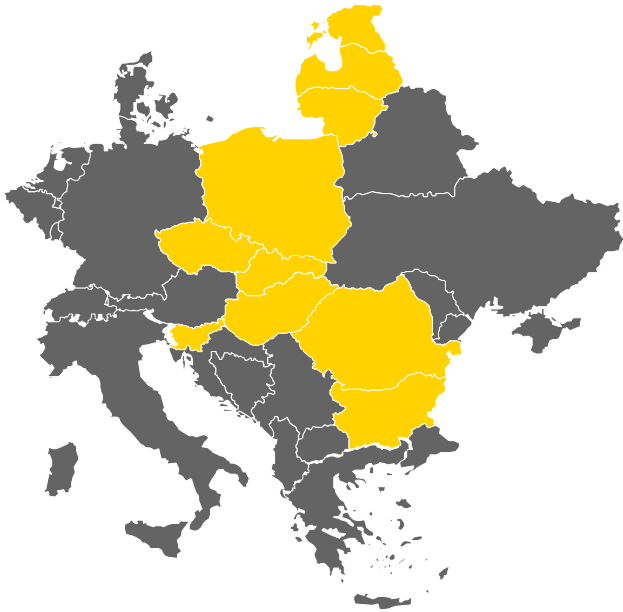
Indirectly interested

... and have common targets regarding fulfillment of Community obligations



- ▶ Financing – EU as a financing provider for major investments, alliances for purposes of capital expenditure distribution
- ▶ Time – obligations should be spread over time to be fulfilled without adverse impact on EU-10's GDP
- ▶ Free allocation of CO₂ – quotas should be renegotiated and take into account that EU-10 Members need to increase significantly their energy consumption to reach the level of EU-15 Members
- ▶ Utilization of domestic primary energy sources

... and common threats



- ▶ Without further significant EU support and common and coordinated action for effective realization of necessary investments EU-10 economies may lose their competition edge over other European economies, stay dependent on Russia's natural gas and oil and fail to reach the level of EU-15 Members
- ▶ This may lead to the creation of “two-speed economic growth in Europe” and, taking into account some Central European countries, even “three-speed”

Proposed action plan

- ▶ Developing a common strategy on energy sector challenges for the EU-10 countries.
- ▶ Setting up a Steering Committee consisting of representatives of each of the EU-10 countries. The Committee will be responsible for the development of joint proposals of the EU-10 group for purposes of discussing energy policy in the EU arena, in cooperation with independent organizations such as CEEP.
- ▶ Drawing up a report on the analysis on energy needs of the EU-10 countries and proposed measures to be presented in the EU arena.

Dêkuji!

Achiu!

Mersi!

Muțumesc!

Děkuji! / Thank you!

Piotr Piela

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Tānan!

Dakujem!

Hvala!

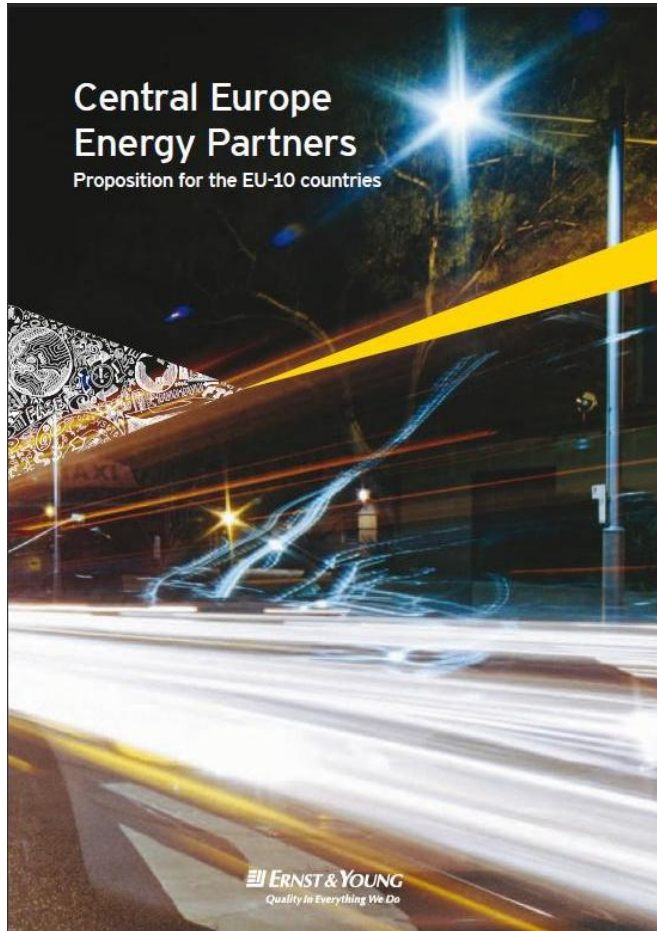
Köszönöm!

Paldies!

 **ERNST & YOUNG**
Quality In Everything We Do

Brochure: Central Europe Energy Partners

Proposition for the EU-10 countries



For brochure please contact us at
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