

CHANGING
THE EUROPEAN DEBATE DAHRENDORF SYMPOSIUM

FOCUS ON CLIMATE CHANGE | 2013

Andrzej Ancygier and Kacper Szulecki

**GERMAN-POLISH
COOPERATION IN RENEWABLES:
TOWARDS POLICY CONVERGENCE?**

Dahrendorf Symposium Paper Series

Summary

About the authors

Dr. Andrzej Ancygier is a Dahrendorf Visiting Fellow at the Hertie School of Governance and lecturer at New York University in Berlin

Dr. Kacper Szulecki is a Dahrendorf Postdoctoral Fellow at the Hertie School of Governance and guest researcher at the Department of Climate Policy, DIW Berlin.

Working group:

Claudia Kemfert (Hertie School/DIW, Berlin), Karsten Neuhoff (DIW/TU, Berlin) – chairs;

Andrzej Ancygier (Hertie School/NYU Berlin), Andrzej Blachowicz (Climate Strategies, London), Zbigniew Karaczun (SGGW, Warsaw), Andrzej Kassenberg (ISD, Warsaw), Kai-Olaf Lang (SWP, Berlin), Anna Serzysko (Warsaw School of Economics), Thomas Spencer (IDDRI, Paris), Kirsten Westphal (SWP, Berlin)

This paper was developed for the 2013 Dahrendorf Symposium, a joint initiative of the Hertie School of Governance, London School of Economics and Political Science (LSE) and Stiftung Mercator.

Abstract

GERMAN-POLISH COOPERATION IN RENEWABLES: TOWARDS POLICY CONVERGENCE?¹

*Through the launch of its energy transition – or *Energiewende* – Germany became a pioneer in a very ambitious policy emphasising the rapid development of renewable energy sources. However, while its role as a renewable energy (RE) policy promoter is clearly visible outside of Europe, we see much less policy convergence in Europe itself. In the framework of the Dahrendorf Symposium we have investigated the Polish-German cooperation in the renewable RE sector, looking for traces of policy diffusion in order to understand the visible lack of policy convergence. Focusing first on the differences between the two countries and then also within them – between the different levels of governance – the paper concludes by highlighting possible policy implications on this matter.*

Between 2002 and 2011, Germany increased the share of renewables in the electric power sector from 7.8% to 20.3%. During the same period, Poland also raised the amount of renewables in their overall electricity production from 1.9% in 2001 to 8.3% a decade later. Unlike in Germany, though, a significant share of this increase in Poland was due to biomass co-firing in coal plants, which was the source of over 50% of the entire electricity generated from renewable sources. Only a third of the energy was from new installations, mainly wind and biogas plants, with photovoltaic (PV) playing a very limited role.

Although the Treaty of Lisbon maintains the sovereignty over energy policy at member state level, the German and Polish economies and energy systems are not insulated from each other. German policymakers have already understood that the *Energiewende* can fully succeed and achieve its economic and environmental goals only if it is scaled-up into a pan-European transformation project. Poland, on the other hand, has focused on the discussion of ‘loop flows’ – the physical phenomenon of unplanned electricity flows, which are caused by a power market

design that prioritizes bilateral intra-day transactions over a stronger role of a central auction platform for short-term transactions that could provide information and facilitate control of flow patterns. What was largely left out of the bilateral German-Polish debate was the possibility to learn from the experiences of the other country and thus limit the costs of the transition towards a renewable energy-based power system.

The current moment of legislative change in both countries constitutes a window of opportunity for policy diffusion, while the ageing infrastructure provides an additional push for change. In Poland, the recent amendment of the Energy Law, which aimed to implement the EU directive 2009/28/EC, does not solve the major problems signaled by the RE sector. At the same time the adoption of a more comprehensive Renewable Energy Bill was postponed to 2014, putting the reform of support mechanisms on hold. In Germany, on the other hand, a reform of the Renewable Energy Act (EEG) will have to be a priority of the new government and parliament.

Is it possible to take advantage of the windows of opportunity opening in both countries and learn from each other’s experiences? In seeking an answer to this question, our research investigated the different mechanisms of policy diffusion theorised in the wide body of political science literature: *learning*, *competition*, *imitation* (socialisation) and *coercion* (e.g. Shipan and Volden 2008). Given the geographical proximity of the two countries and the strong linkages of both economies, learning from the German ex-

¹ This policy paper draws on the findings of research conducted by the members of the Working Group “Governance and Policy Aspects of Climate Change” between January and October 2013. It included desktop research on publicly available data and energy databases, media and document analysis, as well as expert and stakeholder interviews conducted in Berlin and Warsaw. The framework for the research and early results was consulted within the working group and with a wider circle of experts at three meetings in Berlin (in December 2012, March 2013, and August 2013). The summary is thus intended as a concise report and a basis for discussions at the 2013 Dahrendorf Symposium.

ample (as that of a pioneer in innovative policy) should be an important factor shaping Warsaw's policy. However, understanding that "[w]hen confronted with a problem, decision makers simplify the task of finding a solution by choosing an alternative that has proven successful elsewhere" (Berry and Baybeck 2005), we have to understand the perception of *policy problems* and *policy success*. It needs to be emphasised that while for Germany an ambitious RE policy fulfills the double goal of mitigating climate change and providing a new impulse to the German economy, from the perspective of the Polish government RE policy is seen primarily as a response to the (strongly German-inspired) European energy and climate policy. Furthermore, the German *Energiewende* is not perceived or presented as a policy that has "proven successful" in Poland. On the contrary, the costs are often exaggerated and the benefits of the energy transition, especially for the local communities, are largely ignored by the key decision makers. Instead of taking the opportunity to learn from the experiences and mistakes of Germany, the whole idea of energy transition is questioned.

While the Polish government adopts a minimalistic RE development strategy, the perspectives of consumers, business actors and local government representatives seem to be different. A survey of Polish municipality and community level administration indicates² that the grassroots support for renewables is much higher than the RE-sceptic policy of the central government suggests. To the question "which technology should be most strongly supported in Poland?", 86% of respondents mentioned PV, 66% opted for wind, 58% - hydro, 53% - geothermal, and 48% - biogas. Among the government's priority sectors, only shale gas received similar support (50%), with nuclear (20%) and lignite (19%) at the bottom of the list. Furthermore, over 67% of the local authorities perceive RES as a chance for their community's develop-

ment, whereas for 58% the additional income from taxes plays an important role. At the same time only 7% consider RE sources as a threat, and 22% as a "difficult neighbor".

The differences between perceptions at different governance levels also touch directly upon the need and possibility of policy transfer from Germany. Unlike the government in Warsaw, half of the local authorities suggest Poland could learn from Germany's experiences in supporting distributed sources of energy. Since municipalities were early on the driving force for the development of renewable energies in Germany, these results can have a large impact on the future developments in Poland. The introduction of a fixed support for electricity from small renewable energy units, although at a relatively low level, was a step towards the unlocking of this sector - but for a significant impact this will not be enough.

As one of the local government representatives noted, "renewables can bring most benefits to the poorest localities". So far, however, public, community, and cooperative models of RE development are scarce in Poland. However, with almost a third of municipalities participating in trans-border cooperation in the area of environmental protection and local development, the transnational channel of policy transfer can be most efficient for building up momentum towards a bottom-up energy transformation in Poland. Yet, without mechanisms that provide for a stable return of RE investments including legislative stability on the higher levels, such cooperation and grassroots RE expansion will soon reach its limits.

What does that mean for the bilateral cooperation? So far, *learning* from Germany was limited to avoiding what was perceived as "fallacies and mistakes", while positive examples were largely ignored. This process, we argue, was based on poor evidence, due to both domestic lobbying in Poland and inadequate efforts to communicate policy progress on the German side. The results of our local level survey suggest that *there exists a large potential for the development of dispersed energy production in Poland*. However, there are

² The online survey was conducted between 1 August and 30 September by the authors. It was sent to the councils of over 2100 Polish localities (*gminy*), and contained both closed and open questions regarding different aspects of local and national levels of energy policy. Results presented are based on 229 answers.

important differences in the perception of RES. In Germany, *prosumerism* was largely seen as a movement towards making individual households self-sufficient in energy supply, decreasing dependency on energy companies etc. In Poland, on the other hand, the discourses of dispersed energy generation most visibly resonating with the local populace are: economic development of poorer areas and communities; additional source of income in rural areas; and security of supply (both nationally and regionally). Both approaches suggest the need for slightly different regulatory frameworks. Furthermore, opting for dispersed energy generation would require a very deep 'refurbishment' of the energy sector which would alter the current balance of its political economy. If entrenched interests of the energy lobby continue to shape Polish energy policy, the only mechanism of policy transfer left could be *coercion* through EU policies, as it has largely been the case until now.