



ENERGIZING THE ENERGY SECTOR IN CENTRAL- EASTERN EUROPE

STUDY PREPARED BY
WARSAW ENTERPRISE INSTITUTE

IN COOPERATION WITH:

GLOBAL STUDIES "STRATEGY XXI", CIVITAS INSTITUTE, INESS. INSTITUTE OF ECONOMIC AND SOCIAL STUDIES, THE INSTITUTE FOR ECONOMIC STUDIES EUROPE, INSTITUTE FOR MARKET ECONOMICS, ENERGY MANAGEMENT INSTITUTE, LIBERÁLNÍ INSTITUT KOCHAŃSKI&PARTNERS





THE CHALLENGE

**PLANNED GREENHOUSE GAS
EMISSION REDUCTIONS IN
2030 IN RELATION TO THEIR
2005 LEVELS IN SELECTED EU**

01 POLAND: -17,7%

02 HUNGARY: -18,7%

03 CZECH REPUBLIC: -26%

04 SLOVAKIA: -22,7%

05 ROMANIA: -12,7%

06 BULGARIA: -10%

07 SPAIN: -37,7%

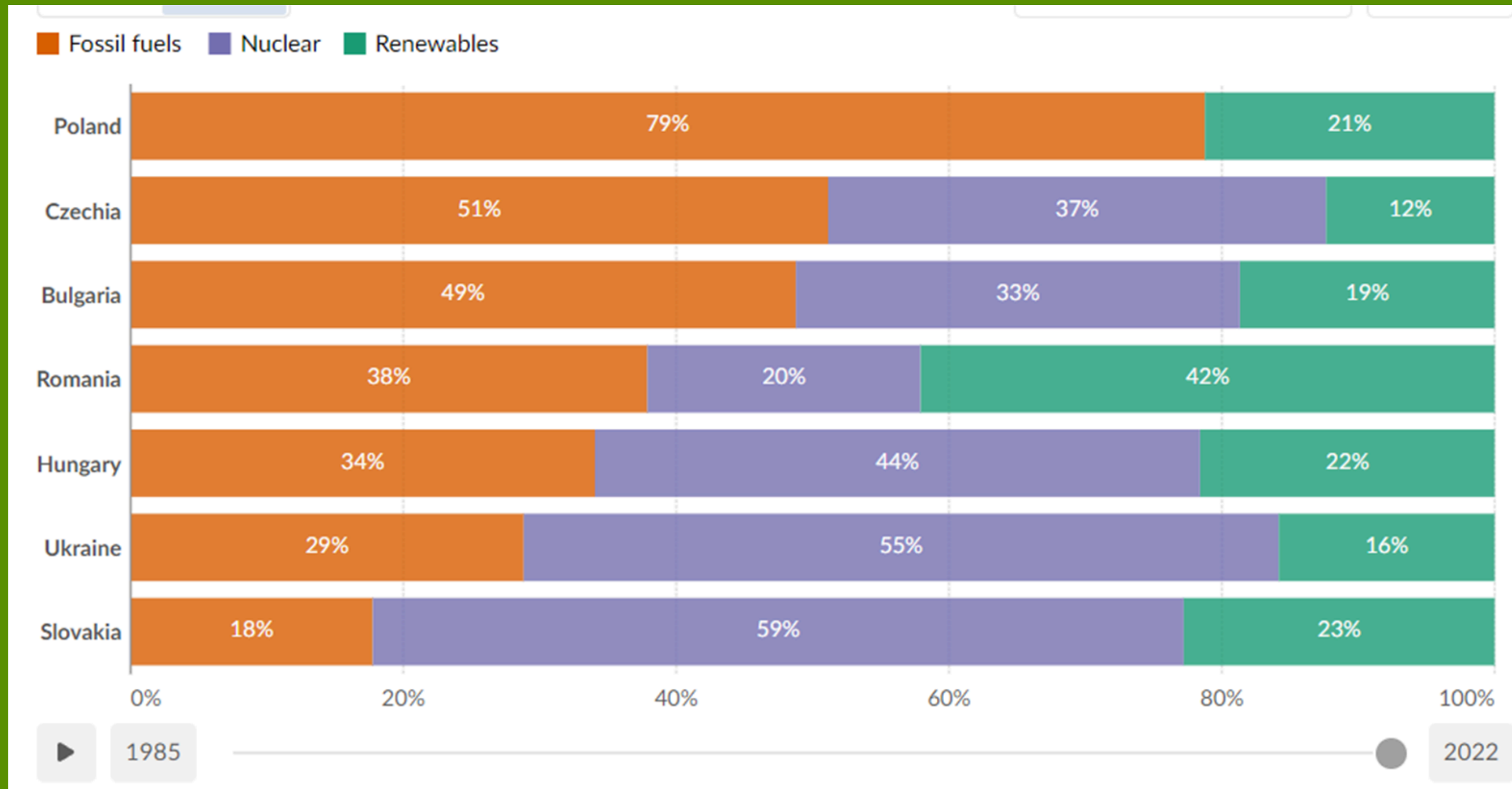
08 FRANCE: -47,5%

09 GERMANY: -50%

10 SWEDEN: -50%

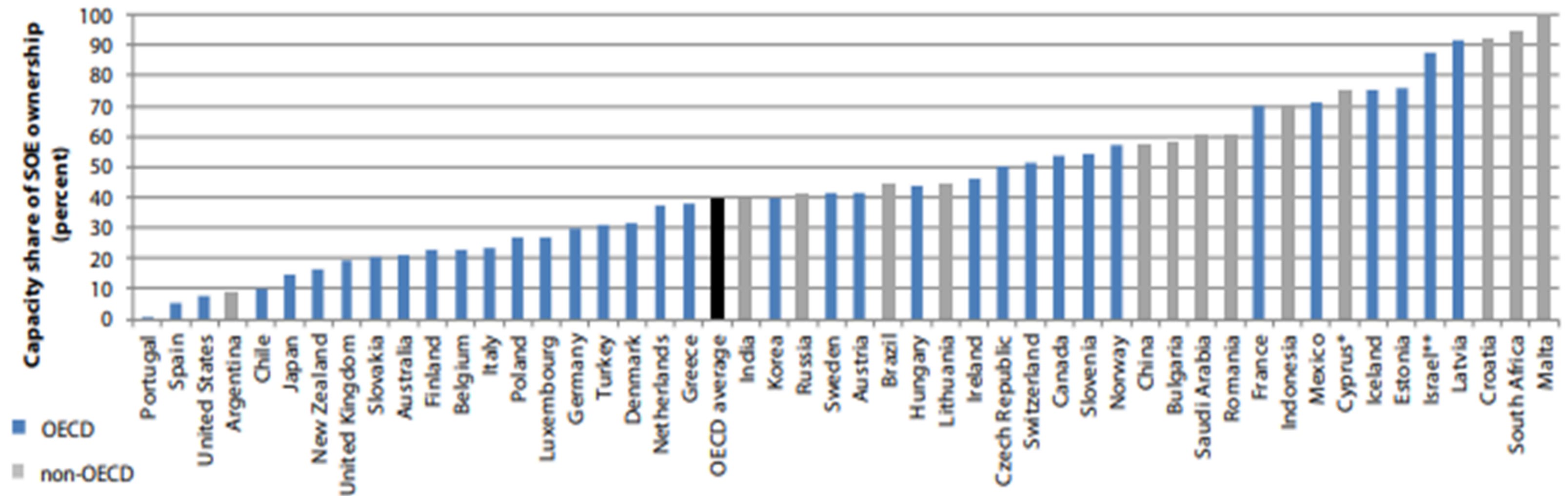
11 DENMARK: -50%

PER CAPITA ELECTRICITY GENERATION FROM FOSSIL FUELS, NUCLEAR AND RENEWABLES, 2022



ENERGY – GOVERNMENT WANTS TO RUN IT!

Figure 1. Share of state-owned enterprises (SOEs) in power generation capacity across selected countries in 2014



Source: OECD (2018), State-Owned Enterprises and the Low Carbon Transition, based on OECD data and World Electric Power Plant Database.

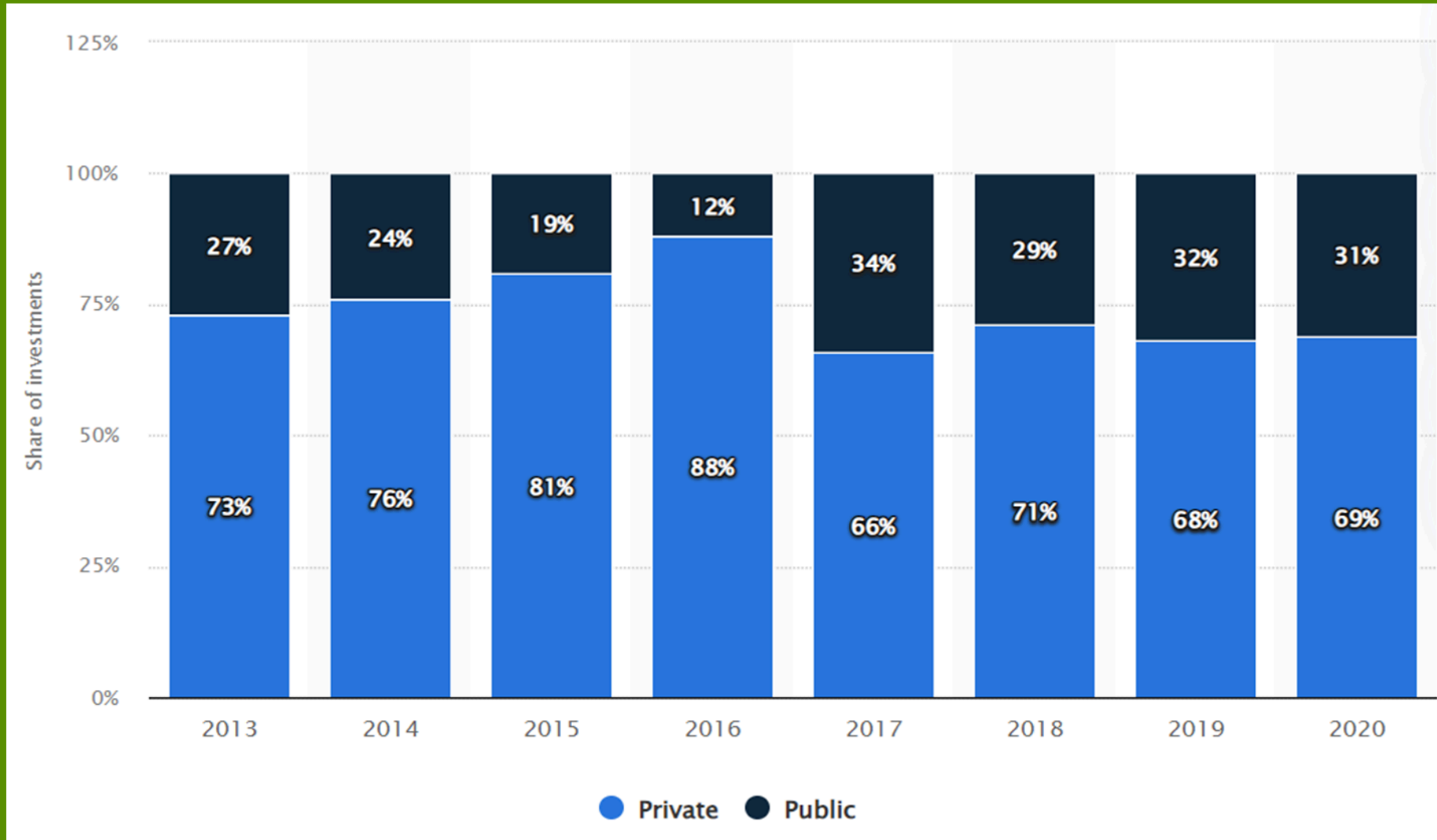
BARRIERS IN THE ENERGY SECTOR BY TYPE

Country name:	Investment Barriers						
	Bureaucracy	State Control	Regime Uncertainty	Revenue Constraints	Limited Access to the Grid	Limited Access To Land:	High and complicated taxes:
Poland	+	+	+	-	+	-	+
Slovakia	+	+	+	+	-	-	-
Hungary	+	+	+	+	+	+	+
Romania	+	+	+	-	-	-	-
Bulgaria	+	+	+	+	-	+	-
Ukraine	+	+	+	+	+	+	+

WE HAVE IDENTIFIED AND LISTED 61 DIFFERENT BARRIERS TO INVESTMENT IN THE ENERGY SECTOR OF SELECTED CEE COUNTRIES.

MARKET WORKS INSPITE OF BARRIERS!

DISTRIBUTION OF PUBLIC AND PRIVATE INVESTMENTS IN RENEWABLE ENERGY WORLDWIDE FROM 2013 TO 2020



REFORMING THE EU

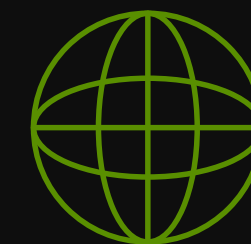


WE RECOMMEND:

- Phase out of ETS mechanism.
- Climate targets should focus on reducing emissions.
- The European Commission should not relax state aid rules any further.
The regulatory capture should be prevented.
- The EU should push countries to introduce policies that enable the expansion of interconnectors and mutual energy trade.
- Stopping CBAM implementation.
- EU should become a functional platform to share the best practices.

PACT FOR FREEDOM SHOULD AT LEAST:

- (a) set optimal and as low as possible levels of already existing taxes (mainly CIT, VAT) so that they are as close to each other as possible.
- (b) include a commitment to eliminate market-distorting subsidies
- (c) impose an obligation to revise and reduce bureaucratic and regulatory barriers
- (d) induce countries to allocate EU funds in such a way as to strengthen mainly infrastructure investments aimed at expanding the market to include new players and greater energy interdependence among signatories
- (e) accelerate the rollout and integration of enabling technologies such as smart meters (serving both grid monitoring and consumer empowerment),
- (f) build a systemic link between energy transition (incl. grids) and addressing energy poverty and move beyond short-term fixes that only provide temporary financial relief, and instead, design and implement long-term structural solutions that enable energy-poor households to become active consumers and benefit from sustainable energy systems and more efficient energy use)
- (g) introduce the same and mutually recognized tax and financial mechanisms to strengthen investments in the broad energy sector - such as accelerated depreciation, or CoVictory Bonds
- (h) conduct evaluation and monitoring of the effects of implementing the Pact's objective



THANK YOU!