Swing to the Right in Poland Leads to Changes in the Country's Coal and Climate Policy

Since the right wing party PiS took over in Poland, their plans regarding energy and climate policy become more and more obvious. Political and economic objects are targeted by methods of a strict party membership management and are put into practice in breath-taking speed. The fact that strange kinds of persons are installed in leading positions, this partially in bizarre night and fog actions, is rather a means to the end. As coal and workplaces are central subjects in Poland, the present leading party PiS now ruling with an absolute majority will have to find quick solutions for the existing severe and acute problems – even if the solutions will harm considerably the country's energy economy at national level and probably also at municipal level in the future.

Emissionshändler.com® as the leading CO2 trader in Poland asked around and investigated for many months in the country. The results can be found here under Emission News 06-2016. Not only Polish industrial customers and heat suppliers should be interested in this news because effects on Poland's climate policy may certainly occur soon in Brussels.

The Political Landscape of Poland's State Level since 2014 and on National Level since 10-2015

Poland faced the elections for the national Parliament in October 2015 which caused a complete change of the country's political situation. For the first time since the fall of communism in 1989 Poland is reigned by a party which is not compelled to build a coalition and for the first time no left party is represented in Parliament.

The liberal party ruling as yet called PO (Polish Civic Platform) won no more than 138 seats. The PiS Party ("Law and Fairness") by Jaroslaw Kaczynski now ruling alone won 235 of 460 seats in Parliament and held the position of the Prime Minister with Kaczynski's confidante Beata Szydło. Szydło replaces the liberal deputy Ewa Kopacz from the Polish Civic Platform. She replaced Mr Donald Tusk who changed to Brussels in 2014.
Poland traditionally uses to install a more or less politically oriented person at the top, this by governmental and partly governmental institutions, bodies, and enterprises. This principle is not only applied on national level but especially as well on the respective politics of a federal state (voivodeships) and the subordinated municipal level. After an election the respective energy supply companies and heat suppliers of a town use to be faced by a restructuring.

As the election of 25\textsuperscript{th} October 2015 was a national one, not a municipal one, the “reorganizations” have not yet been applied on the municipal level but had first of all an impact on the national level. This impact, however, occurred with such a velocity and power which had never been realized before throughout Poland and especially never by political observers all over the EU. It could mean a foretaste of the expectations.

Still in 2014 Ewa Kopacz's liberal party PO could appoint the local President in 8 of 16 economically important provincial governments (voivodeships) with a minimum winning margin. The other areas with a particularly rural character presented decisive defeats.

The PO party could even suffer much more in 2018 if due to an expected electoral victory of the PiS party in almost all 16 Polish voivodeships (federal states) the faithful PiS followers would then take over management positions also on the municipal level of the country's economic centres. With reference to the local energy policy, this would mean a decisive turn towards

The Political Transformation Starts on National Level in 2015

After the PiS party took over, first of all a “cleaning up” happened which means that top positions in relevant bodies of politics, culture, and economy experienced a replacement.

The chairman of the Polish State Television TVP was replaced, accompanied by the introduction of a very rare for a rating agency that a rating results in a downgrading and is additionally linked with a negative outlook which is not basing on economic aspects and facts but on

The trial to appoint 5 new judges (being assigned close to the PiS) for the Constitutional Court caused a lot of attention which lead to a loud debate about democracy in Poland and in the EU Parliament. Already 3 weeks after the election the new government suddenly and unexpectedly discharged the chiefs of both foreign intelligent services as well as those of both domestic secret services and occupied the positions by own followers. The Country's chief intelligence service was replaced, too, on this occasion.

The Polish Central Bank experienced the new occupation of three board seats by PiS followers which interestingly caused the rating agency Standard&Poors to lower Poland's note from A- to BBB+ and to value the view on Poland’s economy as negative. This above all because the initiated change is allied directly with a weakening of state authorities, the constitutional court, and the taking over of public media by the new political establishment.

Especially the last mentioned item means an alarm signal and it is completely untypical and extremely rare for a rating agency that a rating results in a downgrading and is additionally linked with a negative outlook which is not basing on economic aspects and facts but on

![Voivodeships (Federal States) in Poland](image)
The New Civil Servant Act and Its Effects
It is breath-taking to watch in what a short lapse of time the right-wing party PiS under its chairman Jarosław Kaczyński has pushed through new regulations at national level due to its absolute majority in the Sejm. The impression is born that many legislative proposals must have lain in the secret chambers of PiS for a longer time, readily prepared.
Enabling faithful PiS followers to occupy fast and efficiently positions of strategically importance, the party modified an important passage of the so-called “Civil Servant Act” which became effective already at the end of January 2016.
According to this Act, “important” leadership positions in the public service and in enterprises with governmental majority will no longer be awarded in conformity with knowledge and expertise or in competition with other prospective candidates but by means of “appointment and nomination”. Not only supervisory boards, presidents (company managers and executive boards) and managing directors are concerned by this definition “important”, but also positions being located far below as there are for example vicarious department directors which could take influence on the political orientation of the society.
This indirect influence of the central government (ignoring the federal state and municipal level) hits, beside many other sectors, also the energy and climate policy which normally is not yet influenced directly by the PiS at least on regional and communal levels.
It can be assumed, by the way, that the influence of the right wing will increase dramatically. Especially the municipal heat suppliers will be concerned by this process. They have been trying desperately for years not only to escape from inefficient coal combustion but also to win experienced leading staff on top for a longer period.
The PiS party will now ways to avoid this at the latest on the occasion of a municipal election victory in 2018 because the so-called Ciplownias (heat suppliers) are a welcome opportunity to provide deserved party members with a well-paid position as Präzes or representative, even if these are in complete lack of any commercial or technical knowledge. The main goal is to create new work places and to combust big quantities of coal.

Inbox:
Reasons for a not timely VET-entry for 3/31/16
On 04/05/2016 Emissionshändler.com® reported in his Emission News 05-2016 that 34 companies (including two DAX companies) with 73 plants had violated against the EU Regulation 389/2013, Article 35 (2) in the register of DEHSt because their emissions were not reported on time March 31, 2016 to Brussels.
In the context of previous research 8 companies were interviewed by Emissionshändler.com® if they knew the that their account has been locked and if so, what from their perspective could have been the reason for the failure have missed the VET entry.
One may argue whether 8 of 34 companies give a representative sample or not. In any case, it is a most surprising result that all 8 companies (management / Board, Head of Department) first had no knowledge of the particular law violation, but then went to great lengths to analyse the situation internally. The obtained 7 justifications why things had been missed seem very plausible and are well known to insiders from daily practice:

- Entry deadlines were missed due to personnel changes
- Sickness and or holidays lead to a missed entry
- The company was in restructuring and the entry deadline had been "overlooked"
- Because of an internal reorganization of tasks and responsibilities the date "has unfortunately been missed"
- The new employee in the company and had not yet "to familiarize himself with the register software"
- The two authorized representatives had each thought that "the other one would complete the task "
- The verifier did not tell us that we "also needed to do something"

From the perspective of Emissionshändler.com® the result speaks for itself. The particular awareness within a company for compliance issues related to "emissions trading" is just partly barely pronounced. The violations will most likely be repeated by all experience next year in different companies.
One can only hope that the date of 30 April for surrendering certificates will be taken more seriously because of much higher penalties are looking for violations are sure to be imposed in case of a miss regarding that deadline.
Political Change in the Energy and Environmental Sector

The PiS party of Jaroslaw Kaczyński soon came straight to the point with regard to the national energy and environment after the most necessary replacements in relevant sectors of society had been settled within the first 4 weeks. In this context it can be observed that occupation of positions by the PiS party is always realized exclusively under aspects and not under the aspect of the persons’ competence and knowledge. This method bases on the principle of the membership card system Parteibuchwirtschaft which leads to almost ludicrous consequences when applied by the PiS.

The following chapter describes some examples of the country's energy and climate policy where the party membership system has been reintroduced.

- The Polish Minister of the Environment Maciej Grabowski was replaced by Jan Szyszko who had been minister of the environment twice under Jaroslaw Kaczyński. It can be considered as sure that Szyszko will not dedicate all his energy on the protection of the environment as he did not so within the last 20 years. Moreover he turns out to celebrate his 72nd birthday already on 19th April. He even received an advanced birthday respectively Easter present from his party leadership already on God Friday 2016. It was the allowance to pronounce that the biggest European primeval forest is supposed to be cut down in order to fill the empty national treasury a little bit so that some of the most necessary electoral promises can be held (see also Info box page 3)

- Krzysztof Tchórzewski took over the Energy Ministry which seems to be in bondage to the Polish coal lobby. Krzysztof Tchórzewski is a 65 year old electrical engineer whose qualification simply comprises the fact that he has been a faithful member of the PiS party in Sejm since its foundation in 2001.

After the PiS replaced the ministers of environment and energy within the first days after takeover, the way was paved for a modified environment and energy policy by subordinated state-owned companies and authorities.

After a 4 weeks term of office the right-wing party PiS addressed to the supervisory board of the state-run energy utilities Tauron, Enea, and Energa. One member of the supervisory board Enea and Energa as well as 4 members of the Tauron supervisory board were exchanged. A simple written note from the ministry of finance was enough. For Energa this exchange was supposed to be understood as the message to immediately the efforts for the planned erection of the new coal-fired power plant in Ostroleka.

For the Tauron case a lightning operation was generated with the meaning to prevent a newly assigned boss. This man was formerly designated by the old supervisory board. The 4 exchanged supervisory board members of the 8-headed supervisory board took care after their designation that in a new election Remigiusz Nowakowski took over the helm as a CEO of the group. In the eyes of the PiS party he was a more convenient nominee. He formerly occupied a directorship in the fuel management of the Finnish enterprise Fortum.

Mid December 2015 the chairman of the petroleum company PKN Orlen, Jacek Krawiec, was replaced. He performed his duties successfully for 7 years. Orlen is now managed by the former minister of national property and PiS member Wojciech Jasiński who will certainly not care for a more economic group management but just think how he can keep the mainly poor and simple PiS voters happy by means of moderate energy prices.

Krzysztof Sędzikowski, the Chairman of the coal producer Kompania Weglowa was replaced on 24th February, 2016. Kompania Weglowa is the biggest coal producer of Poland and the biggest mining company in Europe. The Group with an annual output of up to 53 million tons of coal sits on a vast number of unsold coal and suffers from enormous losses. The new chief is not yet known. He will be elected within the coming 3 months. In any case readiness to act and were shown towards the poorer sections of the population being mainly PiS voters.

Ms Janina Goss was elected to a new Member of the Board of PGE SA (biggest Polish energy group) on 2nd March, 2016. PGE as state-owned group of the majority announced already in 2009 the intention to erect two nuclear plants in Poland. Until today the appropriate plans were shown towards the poorer sections of the population being mainly PiS voters.

Most insiders of the Polish energy sector wonder about the qualification of the new
Member of Board. On the contrary almost everybody of the population knows about the scandal which says that the today's party leader Jaroslaw Kaczynski borrowed 200,000 Zloty from Janina Goss three years ago, allegedly in order to care for his old and ailing mother. No one knows if the money was ever returned to Goss. In any case Janina Goss who has no experience in the energy sector but instead is called the big grey eminence of PiS, obtained a princely remuneration for her “loan” in the form of her Supervisory Board mandate.

Violetta Lilianna Mackiewicz-Sasiak from the PiS has been installed as a new member of the Supervisory Board of the energy group Energa-Operator on 18th March, 2016, including a lucrative annual payment. Ms Mackiewicz-Sasiak's qualification consists of the fact that she has been one of the most popular care nurses in her home village Wejherowo, a little town 20 km away from the Baltic Sea beach. Besides she bore for the local daily newspaper. According to her own statement she is 58 years old and married to a sailor, disposes of a secondary education. She leads a happy family life so far with 3 children and two grandchildren. She enjoys taking care of them.

Her new boss, the chairman of the board of Energa-Operator, a certain Grzegorz Strzelczyk is, by the way, also active as PiS City Council of Gdansk. This is only a few kilometres away from Wejherowo. Hence it seems almost logical to use one car in order to get to work so that the lucrative chairman of the board salary needs not to be affected so much.

Black Coal and Poland's Energy Economy

It is still the case that black coal is the base of Polish energy economy. Power plants producing energy from coal and lignite represent at the moment 84.9% of all power plant capacities in Poland. Power plants working with black coal represent the main part with 95%. In the opinion of insiders, Poland disposes of no reasonable against its coal onerousness. That is why more or less inconsistent trials take place from time to time to expand the nuclear power sector and the one of renewable resources, the latter for wind energy and

Reason for discussions about these subjects is primarily the pretension to on the climate problem and on the reduction of CO2 emissions.

Infobox

The Białowieża National Park

It is situated in Eastern Poland nearby the boarder to Belarus and is considered to be the last European lowland primeval forest. Its extensions include 1,300 km² totally in Poland and Belarus. The smaller, Polish part of 105 km² has been protected strictly since its foundation in 1923 and is registered as an UNESCO world heritage. Up to 450 European Bison/buffalo, the symbol of this area, live here nowadays. The biological diversity of the forest is spectacular. 3,500 fungi species and 5,500 plant species have been found beside many animal species.

The national park may be accessed only with guides on hard roads and the use of motor saws and other machines for forestry reasons is prohibited. Even pest infestation was not a reason for human beings until now to interfere.

The state of this primeval forest existing for more than 90 years now found a drastic alteration on this year 's God Friday (God Friday is not a holiday in catholic Poland). The new Polish environmental minister of the PiS Jan Szyszko gave way to chop down the whole primeval forest. The official reason is the “Spruce bark beetle with eight teeth” which damages the forest in a non-acceptable way. Independent from the fact that this beetle has been making trouble from the beginning, the reason for this decision lies clearly and obviously in the financial profit the sale of wood will bring to the state (consequently the PiS).

The energy demand in Poland will increase considerably, from 152.8TWh today (2015) to 217.4TWh in 2030. Although the energy industry experienced large investments (for example 11.6 billion PLN for the Opole power plant, 5.4 billion PLN for the Jaworzno power plant), the black coal sector of the mining industry suffered a severe negligence. Moreover the coal industry owes high amounts to the land's banks, roundabout 2 billion
As a result a precarious financial situation of the mining industry arises as well as a lack of liquid financial resources for the realization of investments. The coal company Kompania Weglowa for example, a preponderantly state-owned enterprise, lost its creditworthiness years ago and is left without money for investments.

The coal industry is an economic, political, and social problem of the state. Reforms and system changes were for decades. The employees were kept calm by means of agreements with the unions which had been bought with false promises, this in order to keep up the workers' good mood and to avoid ideas for strikes.

At the same time, however, the necessity in order to configure the exploitation of coal more economically had been underestimated. The coal mines' profits were used for other governmental objections.

So if the black coal industry is completely under-financed, if it is technically outdated and charged with many additional costs and if due to the historic conclusions of the wage agreements with the unions it is charged with an additional burden in the form of inherited liabilities, it turns out that this branch occupies a key position for the reflections of the PiS.

Conclusions on the Activities of the PiS in the Polish Energy Industry

that the coal mining industry can create new jobs under normal circumstances. But if a country like Poland due to its inefficient coal mining industry causes production costs of 300 PLN/ton which are more than twice of a sales price of 145 PLN/ton, it turns out to be clear that up to 50,000 workplaces are acutely threatened in this country. As more coal had been imported simultaneously (so far) at favourable prices from surrounding countries, the unsaleable stock pile of Polish coal increased.

As a reduction of jobs alone is not worth to be considered - this especially because the unions of the heavy and coal mining industries were the biggest supporters of PiS during the election campaign, the only way out for PiS remains the simultaneous increase of coal exploitation and the subsequent combustion in the own country (instead of importing cheap coal). All this contrarily to all reasonable economic efficiency.

It is obvious that economically working chairmen and presidents of energy companies have to be exchanged for this reason in order to push through the strategy of job retention at the expense of climate and efficiency inside the country. Besides it won't take much time until will more and more radicalize in Brussels.

If this tendency will continue to be pushed through future local and voivodeship elections which would mean that local heat suppliers are required to intensify their support on the coal industry, Poland will enter into a dead end street for years where, due to the PiS, the lights will turn out of the climate.

Infobox

The Account Package helps with Compliance in Emission Trading

Account updates for the course of a year, statements of accounts in December, CO2 reports in February, VET entries in March, Submission of allowances in April, permanent replacement of the second or third authorized account representative by an external authorized account representative by an external authorized account holder stays beside the enterprise being obliged to declare its emissions. As a know-how bearer, as “reminder” of appointments and as authorized account holder, if one of the enterprise’s two authorized persons required by law are absent due to holidays, illness, etc. respectively if his technique forbids the access to the register account.
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Michael Kroehnert