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## Summary

There is a wide scope of reciprocally beneficial cooperation between the members of the *Visegrád* Group (V4) and Germany, which includes not only financial aspects of infrastructure development but also coordination of day-to-day work. Moreover, social participation, a better coordination of national energy policies and nuclear energy could be additional areas of cooperation.[ref]The content of this publication does not reflect the official opinion of the Republic of Poland. Responsibility for the information and views expressed in the publication lies entirely with the author.[/ref]

## Introduction

The foundations for the *cooperation within V4* were laid by the similar history of its member states and the *geographical proximity*. Nonetheless, in most cases V4 – instead of speaking with one voice – presents different approaches, which diminishes the real influence of the grouping. It takes a coordinated approach in order to achieve a success in the field of the EU electricity market regulatory activity. Finding common areas of cooperation gives a new momentum to the activities *Visegrád* Group. Electricity infrastructural issues, due to their supranational and regional influences, seem to be a good choice. However, the question is – to what extent such cooperation receives additional support by German participation. So far, German policy has been concentrated rather on bilateral relations with V4 than creating an overall agenda for cooperation with the group. A wider cooperation with Germany should be anticipated by creating common areas of cooperation within the V4 group.

## Position on cooperation in energy infrastructure development

Electricity networks should be upgraded and modernised to meet a growing demand in electricity, foster market integration, enhance security of supply and better integrate renewable energy sources.

Based on the EC's proposal for a regulation on guidelines for a Trans-European energy infrastructure, there are several energy infrastructure priority corridors as well as areas of common interests for V4 and Germany. The most important are: North-South electricity interconnections in CEE (NSI), smart grids deployment, electricity highways and cross-

border CO<sub>2</sub> networks. Cooperation could focus on project deployment within these priority corridors and areas. Support and solidarity in application for financial assistance from the EU could be included in this cooperation.

The EU requests that the Member States develop interconnector capacity of up to 10% of national consumption. It requires additional investments in V4 and Germany. A common policy on financing such investments needs to be introduced. Also, a financial support from the EU funds should cover investments in national transmission grids as there might be bottlenecks to the international electricity flow.

The aim of the NSI is to strengthen regional electricity market by enhanced interconnections, a better balancing system and improved trade rules. It will integrate renewable energy, improve stability and predictability as well as security of supply. Improvement in investments is one of the ways of achieving these goals. However, a better targeted R&D regional policy, strengthened cooperation on technical safety of power systems, a better anti-crisis regional cooperation and a better coordination in assessment of common projects are also platform for cooperation.

Based on the EU electricity market rules (in particular Article 17 of regulation 714/2009) an investor in direct current or - in exceptional cases - alternating current interconnectors or planning to invest in significant increases of capacity in existing interconnectors may apply for derogations from certain EU internal market rules. Derogation is supposed to ensure additional incentives for projects which commensurate with their level of risk. A common approach of the V4 countries and Germany could make this instrument more beneficial to regional investors.

The new Multi-Annual Financial Framework 2014-2020 expects to finance the NSI from the Connecting Europe Facility. However, a part of the Cohesion Fund will be allocated to finance transport projects under the Connecting Europe Facility. These changes should not have negative consequences on financing regional energy projects. Investment in energy infrastructure should be financed from both the Cohesion Fund and Connecting Europe Facility.

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## **Position on cooperation in renewable energy**

## deployment

The EU law requires relatively fast expansion of renewable energy. The Member States take actions aimed at achieving this goal by introducing a favourable public support scheme and national energy policies. Divergence between investment in renewable energy production and transportation infrastructure on internal and trans-border levels pose threats to security of supply.

Grids operators have to cope with deviations between scheduled and actual flows in grids. Transit flows from one country lead to exhaustion of operational measures aiming at keeping the system in normal operational conditions in the neighbouring countries. It may lead to non-compliance with fundamental network security criteria and threaten the security of electricity supply. Grid operators use operational and technical tools to limit negative consequences of this transit flow on their grids. Some of these measures temporarily endanger the security of the system, other generate additional costs. There is a place for enhanced regional cooperation between national administrations, national energy regulatory authorities, transmission system operators, which aim is to: coordinate support schemes for renewable energy production, create coordinated rules for renewable energy integration with network development, accelerate retrofitting programs of installations posing threats to the security of the system, propose rules on cost sharing mechanisms for multilateral countermeasures and coordinate amendments in national energy policies concerning generation which significantly affect neighbouring countries.

## Position on cooperation in nuclear electricity production

Nuclear power seems to be an important source of energy helping to achieve ambitious climate goals of the European Union. All *Visegrád* Group members produce electricity from nuclear power plants or/and have plans to further develop this source of energy. German nuclear policy noted many shifts; the last one – the phasing-out nuclear energy up to 2022 was the most dramatic. It directly and indirectly affects neighbouring countries, including V4 members. According to public information, security reserves in German grids lowered, which influences the security of neighbouring countries. Electricity prices rose not only in Germany but also on the neighbouring markets. Price of the CO<sub>2</sub> emission permits rose significantly and had an impact on all EU countries. Germany plans to give state aid to its industry that would compensate the electricity price rise; if approved, such plans may influence competition on the EU internal market. A decision to produce electricity in Germany from less predictable sources such as wind and solar energy may pose additional

threats to security of the neighbouring electricity systems.

The consequences of this decision may accelerate a future regional cooperation. It might concern early notice procedures of actions that may influence neighbouring countries, technical cooperation in assessment of risks and safeguard provisions, regional mechanisms of loop flows compensation. Cooperation could also be seen in the area of financial support for activities enhancing nuclear safety. In result of the declared phase-out Germany will face problems connected with safety upgrades forced by stress tests, anticipated decommissioning and nuclear waste management.. The V4 group will upgrade the safety of existing installations and deploy new units. Further availability of Euratom loans and other funds for decommissioning and nuclear safety seems to be crucial for this cooperation.

## **Position on coordination of rules of social participation**

The EU law as well as the Aarhus and Espoo Conventions provides for a set of requirements aiming to enhance and make social participation transparent. Participation of some non-governmental organisations may distort the sense of these rules. It may have negative consequences on investment process. These laws give competences to the Member States to add additional requirements related to the status of non-governmental organisations acting for the environmental protection. In practice, the Member States use different national rules to balance truly environmental protection actions and investments objectives. Regional cooperation in this regard would be reciprocally beneficial to the, members o *Visegrád* Group and Germany. It is especially the case in projects where common interests are involved.. A new proposal for TENs regulation requires transparency, predictability and efficiency of national permit-granting procedures and at the same time requires social participation in this process in line with the EU law, which is difficult to achieve. Technical cooperation among the V4 countries and Germany in creating regional best practices or unified regional rules would be beneficial.

## **Conclusion**

There are many areas of cooperation between V4 and Germany, which, could turn out of reciprocal benefit. They include not only financial aspects of infrastructure development but also coordination of day-to-day work. It should cover not only governmental cooperation but it could also be widened to national regulatory authorities and transmission system operators. Social participation in investment projects, coordination of national policies and nuclear energy may serve as a basis for future cooperaton.

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