

MINUTES OF THE MEETING

**Baltic Sea Region Joint Platform on Energy and Climate (JECP)
Coordination meeting
22nd October 2008
Nordic Council/Baltic Sea Parliamentary Conference Secretariat
Store Strandstræde 18, 1255 Copenhagen K
Chairman: Hans Brask, BDF**

Item 1

10.30 - 11.00

Short tour de table. Recent developments of mutual interest.

Mr Hans Brask, BDF, welcomed the participants of the meeting and mentioned the meeting of the other group – contributing to the EU Baltic Sea Strategy (Lead by Mr Knud Andersen) to take place later the same day.

The presentation of activities in the JECP BSR organisations started with **BSSSC**:

Mr Arne Øren informed about the BSSSC Annual Conference in Kaunas, held in September 2008 – and mentioned that one of the discussed issues/areas was Sustainable Energy. Mr Øren further mentioned BSSSC Board's Conference Resolution, including the Chapter on Sustainable Energy – amongst many other areas. BSSSC declares its support to the Joint Energy and Climate platform.

Ms Ann Irene Sæternes added with regard to the resolution: BSSSC wanted to co-ordinate the statement and demonstrate BSSSC's commitment to our common platform by including points from the BSPC WG on Energy's political statement to the BASREC meeting. With regard to the Baltic Sea Strategy and adoption of actions – BSSSC emphasised that "adapting to climate change in Europe" should be a part of the Baltic Sea Strategy. BSR should be developed as a model region coping with climate change at a regional level. There was one workshop on Energy during the Annual Conference, where the Energy was linked to the issue of accessibility.

Mr Brask remarked, that BSSSC Annual Conference was, indeed, a very impressive event – with many high-level speakers and numerous participants. The conference created an atmosphere of expectations. There were many high-level representatives of Lithuania at the conference, which is understandable due to the fact that this year is crucial for Lithuania in terms of energy supply and Lithuanian region of Kaunas was the host of the BSSSC conference.

Q: from Mr Brask: What the new Hamburg Chairmanship's intentions with regard to Energy issues?

Mr Øren answered: Mr Stefan Herms, the new Secretary General of BSSSC introduced the key priority areas of the Hamburg Chairmanship at the Board Meeting in Kaunas in September. The BSSSC Work Plan for 2009-2010 will be discussed during the BSSSC Board Meeting in Tallinn, 21 November. It seems that the new Chairmanship will follow up the area of Energy and Climate. Vocational training – exchange of people and knowledge will be a new priority together with continuity of the initiated work of Norwegian Chairmanship.

Eastern Norway County Network might be involved in the JECP as a part of the BSSSC in the future. West-Pomeranian Region will take over BSSSC Chairmanship from 2010

Mr Brask expressed his satisfaction with the fact that the Joint Platform wouldn't lose the BSSSC as a participant of the JECP.

Tour de table continued with,

BSPC, Mr Jan Widberg, who informed about BSPC 17th Annual Conference, held 1-2 September. The participants of the conference managed to agree on resolution and had an interesting discussion in BSPC. Nord Stream project showed different interests. Climate Change was one of the topics. Mr Windberg referred to §9 of the Resolution, aiming to support transport and minimise the impact of the gas emissions, §10, highlighting the necessity of renewable energy sources. In some of the paragraphs the current status of work on climate change was indicated. §1 of the Resolution is important too. Mr Widberg conveyed certain concern among the parliamentarians and emphasised the necessity to co-ordinate policies. Dividing lines should be avoided. Northern Dimension (Russia, Norway, Iceland) – is a central and important policy in this regard. Further Mr Widberg said that we should not develop Baltic Sea Strategy in such way that it excludes other non-EU countries. “ 200 participants took part in our conference, but enthusiasm was as big as at BSSSC's conference”, he added. New chairman of BSPC is Ms Christina Gestrin (Finland), new vice-Chairman – Ms Valentina Pivnenko from Russian State Duma. There is a genuine interest from the Russian Parliamentarians.

Mr Jens Nytoft Rasmussen BSPC added/informed about the 3rd BSPC meeting WG Energy 20-21 October in Copenhagen. The information on renewable energy and information from Russia, St. Petersburg and Germany was given. Possibilities for international funding through EU system, structural funds, etc were discussed. Outline of the meeting: some political ideas on which proposals for improvement in this important issue and presentation of scenarios – reduction by 50% of oil consumption were drafted. The whole region perspective was taken into account. No participants from Germany, Poland and Russia attended the meeting Focus on Germany and Russia. No participants from Germany, Poland, Russia though. A tension between Baltic Countries and Russia seems to get worse these days, presumably due to the Georgian conflict.. Nordic countries participants had more moderate position. The necessity to work together was emphasised. BSPC will have its next conference in August next year in Denmark, where BSPC will continue discussing these issues.

A good support to the work is the written Scenarios report of BDF. The Working Group should recommend scenarios applicable for the BSR.

Mr Jens Nytoft Rasmussen, Nordic Council: Committee on Environmental and Nature Resources had its meeting 23-24 September – to prepare the plenary session in Helsinki next week. Energy issue is on the Agenda, and the headline of the plenary session is Globalisation. Meeting of the ministers of energy will be given the task to consider establishing a joint integrated Nordic electricity market. NC decided to support the scenario strategy also financially.

Ms Eva Wahlström, Baltic Sea Commission Energy Workgroup mentioned that BSC WG on Energy has been in a transformation process. Energy is in focus of CPMR. Ms Wahlström briefly informed about the Aberdeen Conference 13-14 November 2008 “How to reconcile

the goals of territorial cohesion with reducing the causes of climate change” (CPMR Workshop). Next year’s General Assembly of CPMR will take place in Gothenburg.

Mr Stefan Windh, UBC Energy Commission informed about the preparations for the Annual Conference, which starts next week in Växjö. Energy and Environment are the key words for the conference. Environment and Energy commissions work closely together. He also elaborated on the meeting, which will take place in Tallinn (in two days) and will focus on the strategy for the COP Summit. The meeting shall discuss what documents should be submitted from the local municipalities. For the first time UBC has a vital role to play – more and more municipalities from 100 cities sending their representatives to the meeting. There is a hope to contribute to the COP positively. The local level has to be involved – UBC tries to prepare itself for this type of activities. By the end of the month, when the meetings will be concluded – UBC shall see the outcomes. UBC also participates in other networks and focuses mostly on the Baltic Sea region. The number of participants tells that UBC engages more and more cities.

Mr Hans Brask said that efforts to get cities onboard in the Energy and Climate-related work are important. South Baltic Sea Region – DK, S, RUS (Kaliningrad) and Poland representing a southern part of BSR indicated their interest to join the Platform. It gives them chance to be heard. The Joint Energy and Climate Platform can discuss this issue under *Any other Business*.

Other interesting developments on the European level were presented and distributed by:

Ms Inese Podgaiska, BDF:

1. Doc. 14368/08 – *Presidency conclusions of the European Council*, which took place in Brussels on 15th and 16th October (p.7-8);
2. Doc.14090/08 – *Draft report to the European Council on energy security*.

The main message: The European Council supports the Commission initiative of establishing a plan of action to speed up interconnections in the Baltic region. The European Commission is currently establishing a High level group in order to develop an action plan on this initiative. The 1st presentation of this group’s activities is foreseen during the next meeting of BASREC in February 2009.

Distributed documents are attached to the minutes.

Mr Brask added that the platform should decide what our organisations could give as an input and try to identify those responsible for input.

Mr Philipp Saprykin, Secretariat of CBSS informed about the present situation in CBSS, related to the reform process. He further informed about the Danish Presidency in CBSS at the moment and its priorities, inter alia, Energy and Climate. 17-18 February 2009 a BASREC Ministerial Meeting will take place, while the meeting of the Group of Senior Energy Officials (GSEO) will take place on 3 December. On 2 December a District Heating Seminar – back to back with the meeting of the GSEO will be held. The Russian side is actively participating in BASREC, after certain break when the Russian delegation was not physically present at the GESO meetings in 2005-07. The Russian energy policy seems to be correlated with the BASREC priorities, with those of the EU. A BASREC study of security supply was mentioned – the document which is coordinated by Sweden with contribution from other states, and expected to be submitted to the coming BASREC Ministerial session. At present the BASREC is occupied mainly with the preparations to the Ministerial meeting and not

many activities take place outside the BADREC GSEO. However, the Testing Ground Committee has its ongoing activities.

Regarding the Internet-site of BASREC. Previously there was a person, who was hired by the Swedish Government to update the BASREC Web-site and Baltic Sea Portal. Both pages need an overhaul, as **Mr Hans Brask** expressed it.

Ms Ann Irene Sæternes informed about a project which has applied for funds under the Baltic Sea Region Programme 2007 - 2013, coming from the work of BASREC – (on BIOENERGY Promotion) with support from the national authorities. Bio energy plans on national level are interlinked. It can be an idea to mobilise/activate this project in the work of the JECF – if funded by the MC in their meeting on Thursday and Friday.

Item 2

11.00 - 11.15 The calendar of BSR energy and climate related events 2008-09

Would be useful to collect the information about future activities

Item 3

11.15 - 12.00 Presentation of the Energy scenario report and debate. Mr. Helge Ørsted Pedersen and Mr. Anders Kofoed-Wiuff, consultants at Energy Analysis

Both presentations, as well as a summary of presentations, the EP report and the application for the project are attached to the minutes.

Mr Hans Brask informed that both presentations were heard for the first time at the Dinner debate, which took place on 20th October in Danish Parliament within BSR WG on Energy and Climate meeting.

See attached press release.

Discussions after the presentation:

Mr Stefan Windh said that we see a big potential to exploit and still explore other sources of energy. Deeper co-operation should be exploited – the difference of the energy sources in our countries is not a weakness, but strength. Goals are very ambitious. Security supply approach is very important. We need to bridge 2 starting points in the South and North of the BSR – energy supply is more important in the South. Combining different agendas is a challenge. We have some tool that can help us. We need to prioritise the projects.

The most important is to continue working – dissemination of the results is one key task. Start building a list of prioritised projects. Infrastructure issue is another important issue – onshore – offshore energy supplies. The idea for scenario is to make a framework for governments to prioritise. Bigtech – if we have that grid – nuclear and coal-based production is not necessarily what all countries have. Small tech (energy consumption reduction) can be applicable for small municipalities. Small tech and a better integrated network was the right approach. UBC had reached the same conclusion but not based on the base analysis as presented today. He found it positive that today's presentation supported UBC's orientation in the field of energy.

Raised questions after the presentation:

Q: The conversion losses in the energy sector are significant. Would it be a good idea to put taxes on energy losses as opposed to on energy consumption?

A: This will require a more detailed analysis. However, it is obvious that putting taxes on energy resources is an important measure to stimulate efficient utilisation of energy and energy saving measures. Concerns for the competitiveness of industries and the power sector pose a major barrier for such taxes. If, for example, one country imposed a tax on coal for power generation its power plants would have their competitiveness reduced and its generation would immediately be moved to neighbouring countries with no taxes. As a result there would be no environmental benefit of this measure. Therefore cooperation on such taxes is needed – on a regional level, in the EU or even globally since many energy intensive industries compete on global markets. In the EU the CO₂ emissions trading scheme has the same impact as a tax on CO₂ and therefore it is a very important measure to reduce CO₂ emissions and encourage efficient use of energy. In many countries – including Sweden and Denmark – governments have imposed taxes on electricity and heat consumption of households – instead of on the primary fuels.

Q: What will be the impact of electricity saving measures in Norway and Sweden on CO₂-emissions in the Baltic Sea Region?

A: Electricity in Sweden and Norway is mainly supplied by technologies with no CO₂ emissions – i.e. hydro power, nuclear and biomass power. However, measured per capita Sweden and Norway use significantly more electricity than most European countries and it can be assumed that the potentials for decreasing electricity consumption is significant – as proved by among others professor Björn Karlsson – through energy savings and by changing to other sources of energy. Particular there is a huge potential for changing from electric heating to heat pumps with high efficiency or biomass solutions (individual stoves of waste heat from biomass CHP plants). If electricity consumption could be reduced significantly this would allow Sweden and Norway to export considerable amounts of electricity to neighbouring countries replacing gas and coal based power. The possibilities for export will also depend on whether the electric capacities on the interconnectors will be increased. The impacts of this transformation have not been quantified yet, but this could be an interesting issue to address within the project.

Conclusions:

Mr Hans Brask, BDF emphasised that Energy Scenario report seems to be very useful for Denmark and the approach of the report can be used for co-operation on Energy and Climate issues in the BSR. This region is heterogeneous and the potential is in a difference, which has to be combined in a clever way and seen as a possibility to be explored.

Another very important issue for the further cooperation is the security of supply, in order to establish a common understanding and bridge different starting points.

What is next? Which will be the list of prioritised energy projects? What kind of framework for the cooperation? There are some already existing tools, but what will be the net steps?

Mr Anders Kofoed-Wiuff, Ea Energy Analysis informed that there are different organisations, such as BALTREL, BOSEC, Baltic 21, who might have similar activities. We should think how to investigate about similar initiatives and consider establishing a common cooperation with those organisations.

Item 4

13.00 - 13.45

BSR Joint Platform's role in EU Strategy

Mr Hans Brask, BDF stated that contact was undertaken with the European Commission and JECF should submit ideas about projects, which could boost the cooperation in BSR. JECF have to come up with concrete projects and join approaches, because energy field have to be substantial in the EU Strategy.

Mr Stefan Windh, UBC noted, that the role and participation of local authorities is really important, and informed about several activities on energy saving schemes in Swedish municipalities: 1. Special Programme Energy ABC. 2. Public lightning: 40% of municipalities' budget is devoted to public lightning, therefore should think how can save public money and reduce electricity in municipalities. 3. Technology transfer – how to save and use energy, by using different solutions. Mr. Windh presented the technology transfer system in Cleantech, saying that 23 municipalities in China are ready to get the information from Baltic region, and if they want to buy the technologies, we can boost our market. 4. How to use different projects existing at national level in order to broaden regional cooperation Mr. Windh promised to send more explicit information about different projects, which could serve as a proposal for EU Strategy.

Mr Hans Brask, BDF added that in order to think strategically, a short general presentation without mentioning names, could be considered as an example of best practice for the further cooperation. How to make it more interactive and more visible?

Mr Arne Øren thinks that we have to show JECF with scenarios, concrete projects. For example, City of Oslo (member of BaltMet network) is already involved in an ongoing project on intelligent street lightning. This could be a good example. It might be a good idea to invite BaltMet to join JECF. It is important to have different partners in JECF who look in the same directions.

Mr Hans Brask considers that different concepts of scenarios have to be merged.

Mr Windh emphasised that scenarios have to be developed with right measurements.

Ms Inese Podgaiska, BDF has to take contact with BaltMet

Ms Ann- Irene Sæternes, BSSSC asked how to make use of already existing projects within Climate and Energy?

Mr Windh thinks that endorsement in different levels is important; structure will help us in order to enhance the cooperation.

Mr Arne Øren mentioned question of timing, underlying that JECF is in an early stage and only when it becomes solid, when all participants we want to have on board, are on board, then we can talk about endorsement.

Mr Windh stressed that in order to become competitive we have to put things together

Mr Phil Saprykin, CBSS referred to the discussions at the first Stakeholder Conference in Stockholm (31 September 2008) where several participants expressed themselves for creating a stronger connection of the EU strategy to Russia, because Russia's factor has to be taken into account in the BSR in order to avoid a geographical division.

Mr Arne Øren supported this idea and underlined the need for cooperation with Russia.

Mr Hans Brask underlined that decision can not exclude Russia.

Mr Jan Widberg, BSPPC stressed that there is a need for coordination alignment concerning the EU strategy.

Mr Hans Brask stated that we will be not able to change EU decision policy.

Ms Ann - Irene Sæternes thinks that the implementation of the strategy might be complicated, if the existing financial instruments in the BSR, which include Russia, can not be included in the strategy. Topics of security or cross board issues can not be addressed without Russia. Energy and climate should be cross sectoral topics in strategy

Mr Hans Brask considers that position of these issues within the strategy have to be clarified.

Mr Windh thinks that it is very important to get the intellectual property of the region involved and they have to play a key role.

Mr Hans Brask concluded that JECPC will prepare a common proposal, including examples of best practices (information from Mr Windh + information from Mr Arne on lightning) + scenarios from BDF and Ea Energy Analysis.

Item 5

13.45 – 14.30

Preparation of a workshop slot of the BDF Summit in November-December

New version of the programme is attached to the minutes

Representatives from BDF explained the structure of Energy sessions and the workshop, as well as informed about participants and invited speakers.

Ms Ann - Irene Sæternes, BSSSC inviting environmental organisations, who are devoted to environmental aspects of the energy and climate debate, such as Bellona.

Mr Hans Brask informed that BDF was in contact with WWF, but they are not taking part at the Summit.

Mr Phil Saprykin, CBSS inquired whether that interactive sessions and workshop were to be held at the same time, noting difficulties with participating in both at the same time.

Mr Hans Brask informed about the back - to - back meeting on future scenarios for enhanced cooperation, which will take place after the Summit in EaEnergy Analysis promises.

Draft programme is attached to the minutes

Item 6

14.30 - 15.15

Possible statement and participation at COP - 14 in Poznan

Mr Hans Brask reminded that previously it was discussed, that JECF has to submit a common statement about the region's potential and proposed to BASREC to co-sign this statement. And come up with the idea that conclusions of the workshop at the Summit could be a common statement.

Mr Phil Saprykin stressed that it could take a long time to get a signature, because countries have different internal procedures. **Mr Jens Nytoft Rasmussen**, NC thinks that we have to have a plan B, because governments would not like to sign anything before Poznan.

Mr Arne Øren thinks that Baltic Sea Parliamentarian Conference could provide an input.

Mr Jens Nytoft Rasmussen informed that before Poznan, BSCP will inform media + parliamentarians.

BDF has the task of drafting the statement.

Item 7

15.15 - 15.45

Other business and conclusions

1. Next meeting: After BDF's Summit on 2nd December 2008;
2. Coordination of JECF will be decided in December;
3. It was suggested by Mr Phil Saprykin to have a representative of JECF in BASREC meeting;
4. Future tasks:
 - a. Calendar of activities: to include future activities (BSSSC coordinating)
 - b. JECF input to the European Commission's High Level group on energy security. Have to identify the responsible for this task.;
 - c. Proposal for the EU Strategy:
 - Mr Windh to send the information about projects in Swedish municipalities;
 - Mr Øren to send information about lightning project in Oslo;
 - BDF together with Ea Energy Analysis to make a proposal about scenarios;
 - d. BDF has to draft a statement for COP-14.