The Concept of Energy Security: Implications of EU-Russia Energy Relations, 2004-2012

Olga Johnson

Submitted in accordance with the requirements for the degree of
Doctor of Philosophy

The University of Leeds

School of Politics and International Studies

August 2016

The candidate confirms that the work submitted is her own and that appropriate credit has been given where reference has been made to the work of others.

Acknowledgements

I would like to express my special appreciation and massive thanks to many people, who at different stages of my PhD research were an important part of my life and generously contributed to the work presented in this thesis.

First and foremost my profound gratitude goes to my invaluable and truly dedicated supervisors Dr. Hugh Dyer, Dr. Neil Winn and my former research supervisor Dr. Charlotte Burns. All of you have been amazing mentors for me who encouraged, guided and challenged my research, providing me with the opportunity to develop as a research scientist. Your advice regarding my research, academic career and general life circumstances have been much appreciated and acted upon. Your approach to supervision of this thesis, with a sense of humour, a 'pinch of salt' and constructive criticism, has undoubtedly strengthened my thesis.

I am very grateful to the POLIS department for believing in me and granting a scholarship to pursue this PhD and the Open Society Institute that provided the necessary financial support required for me to complete my fieldwork. Thanks to their funds and support this research project was possible.

I would like to extend thanks to energy specialists and those I interviewed in Brussels, Warsaw and Berlin, who agreed to contribute to my work with their knowledge, expertise and time. Without them my research would be incomplete and unsustainable.

Finally, but by no means least, I am very grateful to my immediate and extended family. Words cannot express what their understanding, support and kind attitude has meant to me along this academic journey. I would also like to thank all of my friends and PhD colleagues who supported me in thinking, writing, and encouraging me to finish this research project.

Abstract

This research project presents a novel and fundamental understanding of energy security and threat perceptions by analysing the EU-Russia energy relationship concerning gas supply during the period 2004-2012. The ultimate goal of this thesis is to address the two-fold research question of why differences exist in the threat perceptions and understandings of energy security among member states of the EU, and how they affect EU's energy stance and its gas relations with Russia. Encountering endemic problems with the coherence of EU energy policy towards Russia, the research focuses on two case studies, those of Poland and Germany, based on identifying their energy interests and identities and the previous patterns of energy interactions with Russia as an explanatory basis for the construction of threat perceptions.

Table of Contents

Acronyms and Abbreviations

AER	The Agency for Renewable Energies in Germany
Auswaertiges-amt	German Federal Foreign Office
AWS–UW	Poland's Solidarity Election Action and Union of Freedom coalition
bcm	Billion Cubic Meters
BKartA	Bundeskartellamt (German anti-trust authority)
BMBF	The Federal Ministry of Education and Research in Germany
BMU	The Federal Ministry of Environment, Natural Conservation and Nuclear Safety in Germany
BMWi	Bundesministerium für Wirtschaft und Energie (The Federal Ministry of Economics and Technology, later renamed into the Federal Ministry for Economic Affairs and Energy)
BNetzA	Bundesnetzagentur (The Federal Network Agency in Germany)
Bundesnetzagentur	The Federal Network Agency in Germany
CDU	Christian Democratic Union of Germany
CEE	Central and Easter European
CFSP	Common Foreign and Security Policy of the EU
Copenhagen School	The Copenhagen School of Security Studies
DENA	Deutsche Energie-Agentur GmbH (The German Energy Agency)
DG	Directorate General
DGAP	Die Deutsche Gesellschaft für Auswärtige Politik (The German Council on Foreign Relations)
ECT	The Energy Charter Treaty
EEAS	European External Action Service
EGG	Erneuerbare-Energien-Gesetz (German Renewable Energy Act)
EnWG	Energiewirtschaftsgesetz (German Energy Industry Act)
EU	European Union
EU MSs	Member States of the European Union

FDP	Free Democratic Party of Germany
IEA	International Energy Association
IGA	Intergovernmental Agreement
IR	International Relations
LNG	Liquefied Natural Gas
MEP	Member of the European Parliament
MG	Ministerstwo Gospodarki (Polish Ministry of Economy)
MSP	Ministerstwo Skarbu Państwa (Ministry of Treasury in Poland)
MSZ	Ministerstwo Spraw Zagranicznych (Polish Ministry of Foreign Affairs)
NATO	The North Atlantic Treaty Organization
NESCO	The Network of Energy Security Correspondence
OECD	The Organization for Economic Co-operation and Development
OSW	Ośrodek Studiów Wschodnich (The Centre for Eastern Studies)
PCA	The Partnership and Cooperation Agreement
PGNiG	Polskie Gornictwo Naftowe i Gazownictwo (Polish Oil and Gas Company)
PO-PsL	Civic Platform and Polish Peasants' Party coalition
RSC	Regional Security Complex
RUDEA	Russisch-Deutsche Energie-Agentur (The Russo-German Energy Agency)
SPD	Social Democratic Party of Germany
TEN-E	Trans-European Energy Networks
TSO	Transmission System Operator
UGS	Underground Gas Storage
US dollar	United States Dollar
WTO	The World Trade Organisation

List of Figures

List of Tables

Chapter 1. Introduction

Energy is a basic public necessity and a fundamental component of daily life for modern society (Bohme, 2011: 41). It is an increasingly important sector of countries' economies, as a source of their sustainable economic development and growing prosperity. According to Wigell and Vihma (2016: 614), 'in general economic relations, energy is a persuasive foreign policy tool, as energy resources are, by almost any definition, 'strategic goods''. Energy is vital resource for maintaining countries' sovereignty, national security and a popular tool of geopolitical influence. In the current politically, economically and environmentally volatile and unpredictable world, energy security has become a centre of public attention and an inevitable part of countries' national agenda (Yergin, 1991; 2011; Aalto, 2008; Bohme, 2011).

In the 21st century energy security became a core of international security debates for both energy-rich states and import-dependent countries. During the last decade energy security encompassed a variety of geopolitical and economic issues, revolving around different types of energy sources (gas, oil, nuclear, coal and renewable energy), means of energy transportation (pipelines, oil tankers, gas terminals, and generation through electricity networks) and energy actors (energy producers, transiting states, and consumers).

The growing array of energy challenges and the origins of energy threat perceptions in the inter-state relations are commonly referred to as being implicitly or explicitly rooted in the hard-power dimension of foreign policy, geopolitics and geoeconomics (Hadfield, 2008: 243; Wigell and Vihma, 2016). Underpinned by the challenges of possession, preservation and control, energy resources and energy transportation routes have become central to states' national security priorities and an instrument of policy-making. As history illustrates, cases of growing demand and limited availability of energy commodities, price fluctuation, disruption of transportation systems, and concentration of energy resources in a limited number of countries, have often led to clashes of actors' interests and energy conflicts.

On an international scale, the second half of the 20th century was marked by globalisation, industrial development, significant energy interdependence and increased oil production in the Middle East. The United States and Western Europe became reliant on relatively cheap oil supplies from other countries. However, the oil crisis, the supply shortages and the price shock triggered by the events in the Middle

East in the 1970s[1], brought the security of oil supply to the top of the agenda for the whole international community. Thus, the problem of political and economic energy dependence created a feeling of vulnerability for the energy consuming countries. For the first time energy was used as an offensive geopolitical tool and a hostile non-military 'oil weapon' (Cherp and Jewell, 2011; Yergin, 1988; 1991: 588). It made oil supplies the object of securitisation in Europe, accentuating the need for alternative sources of fossil fuels, when mainly gas became a common energy choice for the next several decades (reasons for which will be explicated in Section 1.2.2.).

The evolution of energy security references can be observed through historical events and major energy crises, which are critical junctures in defining the nature of global energy security concerns. There has been a significant number of events and disasters that have changed the perceptions of energy security in terms of the involved actors and reliance on particular types of fossil fuels. For instance, nuclear disasters at Chernobyl in 1986 and Fukushima in 2011 undermined trust in nuclear power[2]. The 2010 'Arab Spring' revolutionary wave spreading across the gas and oil-endowed North Africa and the Middle East[3], and Russia's unpopular gas diplomacy and the supply disruptions during the 2000s, created severe trepidations in the West about the political stability of the main energy suppliers. The unpopularity of non-environmentally friendly coal has grown and become more unpopular amongst environmentalists due to its irreversibly damaging effects on climate change. Therefore, for the last decade, natural gas became the most widely used source of relatively clean energy in domestic consumption and for industrial purposes, such as heating and electricity generation. Consequently, the security of gas supplies lay at the core of the international energy security agenda.

For the European Union (the EU), since the 1950s energy security was mostly associated with the key idea of unification of the European continent after World War Two. Energy security in Europe has historical roots in the creation of the European Atomic Energy Community (Euratom) and the European Coal and Steel Community (ECSC), and has since transformed into a more complex issue. Energy security and the unification of the coal and steel industries and networks under the pan-European

[1] In 1973 OPEC oil countries proclaimed an oil embargo as a response to the US foreign policy of military supplies to Israel during the Yom Kippur war. In addition, following the embargo the oil crises gained significant momentum in 1979 due to the Iranian Revolution and the rise of a hostile government in oil rich Iran.

[2] However, not everywhere nuclear is an unpopular choice. Regardless of nuclear energy being a controversial political issue during the 1970s and 1980s due to concerns about capital-intensive construction costs and disposal of radioactive waste, for some European states like Belgium, France and Sweden, nuclear power-stations became the major source of energy (mainly electricity).

[3] For example, Libya, Egypt, Yemen, Bahrain, Syria and others.

assembly became a peace-keeping mechanism for maintaining continent-wide security. Only in the early 1990s did energy become fundamental to the common European market, with the security of supply being a precondition for EU prosperity and security.

Therefore, in order to understand the essence of EU-Russia energy relations and explain why threats exist and how they are perceived in the EU, the EU-Russia energy relationships should be observed in a broader geopolitical context. Those of pre-existent material-based foreign policy architecture and the historical conditions of the EU-Russia relationships underpin their energy security interactions and contribute to the variety of energy threat perceptions in the EU, especially in such EU member states (EU MSs) as Poland and Germany. Consequently, the next section of this chapter considers a foreign policy perspective on the EU-Russia energy relationship and explicates the importance of the topic in terms of the original contribution and key objectives of the thesis, as supported by the research questions.

1.1. General Context of the EU-Russia Energy Relations

Since the 2000s the development of relations between Russia and the EU has been controversial and problematic. The dynamics in relations between the parties was undermined in areas of foreign policy, international security, market and trade relations, energy security, environment cooperation, identity building, rule of law, democracy and others. The period of 2004-2012 illustrated a number of confrontations over a range of international events, such as the 'frozen' conflicts in Nagorno-Karabakh and Chechnya, the Ukrainian democratic revolution of 2004-2005, the Russian-Georgian military and territorial conflict of 2008, the Kosovo independence precedent of 2008, and the Arab Spring revolutions of the Middle East and North Africa in 2010-2011 (Prozorov, 2006; Dellecker and Gomart, 2011; Lucas, 2012). Russia's direct and indirect involvement in the majority of international conflicts and Russia's growing prominence as a great military, geopolitical and economic power that built its identity around energy and its strategic national interests and sovereignty (Trenin, 2007; Smith, 2008; Klare, 2008; Bohme, 2011: 47) contradicted with the developing 'EU model' of Western democracy, liberal values, the supremacy of the rule of law and the principles of market-based economy.

Principally different geopolitical and ideological stances (widely described in the scholarly liberalist vs. neo-realist debate) determined the conflicting dynamics of the bilateral EU-Russia interactions, throwing shade onto the successful development of their energy security relations. For instance, Hadfield (2008: 240) noted that 'EU

enlargement, the launch of the European Neighbourhood Policy and Ukraine's political reorientation following its November 2004 'Orange revolution' affected successful EU-Russia energy relationships and led to diplomatic fallout in the Energy Dialogue. Specifically, the Ukrainian upheavals in mid-2000s and its pro-western support caused an array of political misunderstandings between Russia, Ukraine and the EU in general, eventually leading to gas supply interruptions to the EU through the transiting states (Yafimava, 2011). Likewise, the Georgian war of 2008 had negative regional implications for the Trans-Caspian energy security projects and undermined the Nabucco pipeline to the EU (Dellecker and Gomart, 2011: 34, 174).

In addition to divergences between the EU 'soft-power' liberal values and Russian 'hard power' foreign policy, protracted EU-Russia confrontations have been fuelled by the individual EU MSs. Specifically, the 2004 eastward EU enlargement made Russia the largest neighbour of the EU, where they shared not only extended geographical borders, but also historical Cold War legacies of the clash between Western capitalism mind-set and Eastern Communist ideology, creating 'far-reaching geopolitical implications' and bringing new economic challenges (Raszewski, 2015: 31). Mainly, the expanded EU included Central and Eastern European (CEE) countries with unaccomplished transition from the Soviet past to Western liberal values, which on the one hand, possessed anti-Russian foreign policy and national security stances with a clear aim to rebuild their sovereignty independently of Russia and integrating with Western international structures and the EU architecture. On the other hand, for decades CEE countries have been bound by tight economic ties with Russia and burdened by high import dependence on energy supplies from Russia, which like any type of material dependence undermines their autonomy and national sovereignty. Youngs (2009: 4) confirmed that EU MSs' geopolitical behaviour cuts across market based approaches to external energy security, eschewing the 'hard-power securitisation of energy policies'.

While becoming the biggest economic actor in the world, the EU was polarised by uneven stages of economic development, different structures of their energy sectors, historically divergent political cultures and practices and distinct cultural values among the 'new' MSs and the 'old' MSs (Szczerbiak, 2012; Raszewski, 2015). Having very contrasting historical interpretations, inherent differences in national identities and different national interests of the EU MSs created additional tensions both in relations with Russia and between newly joined EU MSs and the 'old Europe'. For instance, Poland's historically driven sensitivity about Russian assertive military and economic power, its geographical proximity to Russia and being 'in-between the Russia and Germany buffer zone' has created a particular mentality. Which when combined with

particular reconciliation aspects of the World War Two and the Soviet occupation (including the Katyn massacre and others) has caused to reinforced anti-Russian foreign policy stereotypes (Copsey and Haughton, 2009; Szczerbiak, 2012: 96-98). Those path-dependent stereotypes served as the foundation of the most serious and current problems in Polish-Russian relations (including in energy relationships). For example, the collapse of the USSR instigated Poland's drive for promoting security through facilitating the expansion of NATO to the East, which threatened Russia's security (Longhurst and Zaborowski, 2007; Bienczyk-Missala, 2016: 102). Energy security was still incorporated into national security that should be preserved and defended on the state's level. Such an anti-Russian hostile stance and hard-power driven approach to energy security clashed with Germany's aim for post-world war historical reconciliation with Russia and the rest of the world and any non-aggressive security policy. Germany's conceptualisation of a 'civilian power' national identity (Maull, 2006), mainly guided by national-administered policy-making and market-based approaches to Russia triggered a range of misunderstandings with other countries of the EU, specifically Poland (to be explored in the case study chapters).

Nevertheless, the stage, at which energy became a national security priority and ultimately part of foreign policy, differs for Russia, the EU and its MSs. For instance, from 2000 onwards Russia placed its energy resources at the core of its geopolitical priority (*Ministry of Energy of the Russian Federation, 2003*) and its use of energy as a foreign policy tool became almost undeniable (Klare, 2008; Bohme, 2011), constituting vulnerability for many countries. For the EU MSs, not all had security, political and economic incentives to place energy on their foreign policy agenda (most of the CEE countries did since the end of the Cold War, while Germany did not). Yet again, the above-mentioned existing natural differences and historical conditions, which were exacerbated by the variations in domestic endowment of energy sources and different levels of external energy dependence, partially explain variations in foreign policy approaches of the EU MSs. In the EU, energy security importance gained application to foreign policy rather late. Despite energy security not being institutionalised as such, being a missing part of Common Foreign and Security Policy in the EU, the sense of energy security for a long time was implicitly attributed to be EU's foreign policy priority in relations to other countries in early 2000s. However, during the last few years after 2009 gas disruptions to the EU from Russia there is a considerable shift in the positioning of energy security in the EU discourse more explicitly. The period starting from the mid-2000s was characterised by the rising importance of energy security in a foreign policy context, as 'a combination of high oil prices, demand and supply trends and the nature of political developments in a number of crucial energy providers

rendered energy security an urgent concern within European foreign-policy deliberations' (Youngs, 2009: 2).

The above-mentioned pre-existent material conditions and external circumstances of the broader geopolitical material context of EU-Russia relations should not be underestimated in the identification of the causal origins of countries' energy threat perceptions (Belov, 2012). The external factors are important for broader understanding of threat creation and appreciating how perception-based policies operate in progressive and regressive ways. Their path-dependent effect on differing national and material interests of the EU MSs can largely (but not solely) explain a variety of threat perceptions in the EU and individual energy security responses to Russia posing a threat. In fact, those national differences do not determine energy threat perceptions in all of the EU MSs equally and do not necessarily result in particular energy threat related behaviour. Other conditions and origins of energy threats, which often have an ideational nature, should be addressed and studied more specifically as explanatory factors for states' behaviour. Regardless of the material-based impact of foreign policy implications for energy relations between Russia and the EU (including individual EU MSs) remaining pertinent and indisputable (Tichy and Kratochvil, 2014: 6; Belov, 2012: 83-97), the thesis acknowledges but does not engage in scrutiny of energy security in foreign policy terms as such. For the latter, there exist a plethora of the EU literature that analyses energy security as being translated into the foreign policy domain (Hill, 2004; Gotz, 2008; Hadfield, 2008; Keukeleire and MacNaughtan, 2008; Peters and Westphal, 2013; Peters, 2016). Instead this research looks at a more nuanced and intricate dimension of energy security and the basis of threat creation, based on understandings of energy security and explanations of a variety of energy threat perceptions revealed through the ideational dimension of interests and identities found in constructivism (to be discussed further in current Chapter 1 and Chapter 2).

1.2. Importance of the Research

1.2.1. Why EU-Russia Energy Security and Threat Perceptions?

For the last decade, the relations between Russia and the EU have been marked by perplexity and tension on the one hand and incentives for cooperation on the other. Despite being affected by the geopolitics and foreign policy trends (as highlighted in the previous section of this chapter) and the international energy market (such as global competition over scarce energy resources, climate change challenges, oil price

fluctuation, discoveries of new energy sources and the economic downturn in the aftermath of the global financial crisis of late 2000s), the key disagreements in EU-Russia energy relations took place over energy security and supply issues (Aalto, 2012).

The dynamics of EU-Russia energy interactions has gone through a variety of stages: it ranged from strategic cooperation based on partnerships and energy initiatives, such as the EU-Russia Energy Dialogue, Partnership and Cooperation Agreement, Partnership for Modernisation, to political and economic-based energy confrontations. Regardless of a number of cooperative initiatives (arguably unsuccessful, poorly organised and not aim-driven but rather developed by inertia), the majority of IR and EU studies scholars attributed the nature of the EU-Russia relations to a reoccurring confrontation based on conflicting interests (Hadfield, 2008; Perovic, 2009; Bozhilova and Hashimoto, 2010: 636). Their mutual energy security was undermined not only by differences in material developments of their energy policies but also was endemically impeded by threat perceptions grounded in mutual distrust, high politicisation of energy relations, a severe lack of political incentives to compromise, and misunderstanding and misperceptions of each other's energy policies. During the 2000s Russia and the EU have been involved in energy confrontations connected to the stability of gas deliveries, differences on energy supply diversification policies, gas price-making mechanisms and energy market liberalisation regulations (Lucas, 2008; Youngs, 2009; Perovic and Orttung, 2009). Therefore, since 'normalisation of energy relations' between Russia and the EU as a long-term objective was still posed in 2011 (EU-Russia energy Dialogue: The First Ten Years, 2011: 29), the research departs from the initial observation that energy relations between Russia and the EU during 2004-2012 remained in a state of 'abnormality' and confrontation, being uneasy, and bound by a variety of energy threats.

Russia remains the largest energy supplier to the EU and the key energy actor on the European energy security agenda, which is expected to last for the foreseeable future (IEA, 2011b: 7). According to Hadfield, 'Reliance on energy resources is inextricably linked to energy security. Whether dependent upon energy imports or exports, all states, regions and companies strive to reduce the risks associated with resource dependence by linking energy with their own security' (Hadfield, 2008: 231). The situation with import dependence inevitably leads to dealing with external actors. Thus the second initial observation of this research is that energy threats to the EU (and its MSs) are mainly posed externally by high gas import dependence on Russia, whose energy supply policies are characterised as assertive, often aggressive, towards other states (Milov, 2006b; Orban, 2008; Balmaceda and Rosner, 2006; Balmaceda, 2008).

However, European energy security of supply is economically and politically intertwined with Russian security of demand, making it a two way street. The balance of such mutual interdependence seems to be often forgotten or neglected by Russia and the EU. Both parties seem to overlook their shared aim of creating a reliable strategic energy partnership (EU-Russia Energy Dialogue, 2001:1). The sooner parties realise and accept their mutually shared goals of promoting energy security and stability of each others' energy policies, the less conflicting their relations will be.

Energy security became an encompassing concept and a point of reference that captures a variety of threats and everything that goes wrong in the inter-state energy relations on technical, economic, political, and environmental levels. Energy security is an area that is most characterised by a variety of countries' energy interests and undermined by divergent threat perceptions. Threat perception is 'a subjective category that stems from the 'objective' attributes of a state' (Misik, 2015: 200) and a key variable that accompanies political and economic underpinnings of energy security, becoming its essential and inseparable attribute. Both of energy security and threat perceptions remain under empirically explored and poorly contextualised in IR studies and in EU literature. This, in turn, requires a more profound study of those conceptions through the analysis of the EU-Russia energy interactions as the most revealing context of energy threat construction. It is impossible to explore the richness of the EU-Russia gas relations and the essence of their intricate energy disagreements without understanding what exactly constitutes an energy security threat for the EU and more importantly for its MSs as the key stake holders of the EU-Russia energy security debate. By illustrating the origins and conditions for the EU MSs to present Russia as an energy security issue, the thesis is set to explain the existing differences in threat perceptions towards Russia among the EU MSs and as a result, perception-based policies. Specifying the above will enhance understanding of how to move forward in building mutually beneficial, trustworthy and stable EU-Russia energy security relations.

1.2.2. Gas as a Source of Energy Conflicts

Concerning the nature of the EU-Russia energy relationship, it seems that the continuous energy confrontations of the 21st century have been leading parties away from favourable market-determined export-import based and mutually beneficial relationships into a politically undermined environment, where gas supply remains a driver for EU-Russia energy insecurity. The conception of energy security and threat perceptions in the EU-Russia realm has been concentrated around gas and its supply to the EU. Natural gas has been specifically chosen to analyse EU-Russia energy

relations as it is a 'potential source of conflicts over access, use and distribution' (Peters and Westphal, 2013: 92) and the main 'platform' for social constructs and threat perceptions. This section of Chapter 1 elaborates the significance of gas-based relations for understanding the creation of energy threat environment between Russia and the EU.

Firstly, for the EU, gas represents a strategically vital economic and political resource. Gas is one of the most stable and widely used sources of energy in domestic consumption and for industrial purposes (gas is commonly the preferred fuel for electricity generation). It is relatively one of the most climate friendly energy resources (when compared to oil or coal), which the EU has committed to use in order to reach its de-carbonisation and climate change targets. So far it remains a transition fuel for the EU to a low-carbon economy and renewable resources (Aalto and Korkmaz Temel, 2014: 759). According to multiple predictions and forecasts from the International Energy Association (IEA) 'the share of natural gas in the global energy mix increases from 21% to 25% in 2035, pushing the share of coal into decline and overtaking it by 2030' (IEA, 2011b: 7). The decrease of its internal production and growing gas demand in the EU characterises the 'golden age of gas', when the EU is likely to rely on gas more than the rest of the world (IEA, 2011b: 13-15). Being gas import dependent on Russia and thus reliant on one dominant supplier is a major risk to which the Union attaches its main vulnerability in the energy sector (Council of the European Union, 2004; European Parliament and the Council of the European Union, 2010).

Secondly, natural gas is the only commodity that can be supplied predominantly via pipelines, as applies to the majority of the EU deliveries. Pipelines connect countries physically, economically and ultimately politically. Such interconnectedness creates potential points of tensions and a basis for threat perceptions, as 'threats travel more easily over short distances' between energy interdependent countries (Buzan and Waever, 2003: 461). The emerging cross-border pipeline projects that connect the EU with its suppliers 'lock the Union further' into a rigid pipeline grid, as is the case with Russia and the EU MSs (Aalto and Korkmaz Temel, 2014: 759).

Thirdly, unlike oil, the global market for gas is not developed yet, where gas is supplied and freely traded as a commodity at the competitive energy hubs and energy platforms. Therefore, regionalised trade is organised through long-term bilateral energy contracts with limited volumes of traded gas and gas contractors. Thus among the economic bases of the gas price, the favourability of the imported gas price depends on the EU MSs' contract negotiating capacity with Russia. Such energy dependence on third parties, in turn, essentially holds an inevitable political element of sensitivity and

contributes to political and economic uncertainty, and therefore energy threats for the consumer countries (Larsson, 2007b). In addition, the gas price is indexed to crude oil or oil products, depending on transportation costs, political risk and even oil taxation (Asche et al., 2002). Therefore, energy actors like Russia with its long-term monopoly on gas supply has the potential to manipulate price policies, establishing preferential discounts for particular customers and create contract conditions on their terms.

Thus heavy dependence on the deliveries of natural gas from Russia, the lack of viable political and economic alternatives to natural gas in the medium-term perspective and problems with gas market liberalisation of the EU, provides ample reason for analysing European gas relations specifically as a key dimension of energy security. However, it is essential to understand if material conditions for external gas dependence on Russian supplies are enough of a reason to determine threat-based perceptions in Poland and Germany. That is where this thesis aims to explore the essential conditions for putting all the blame for energy insecurity on the Russian side, and the part EU MSs play in this energy equation and the creation of threats.

1.2.3. The Benefits of Constructivism

As previously highlighted, the best way to understand the troublesome nature of EU-Russia energy relations is through the conception of 'energy security' and 'threat perceptions'. Those two concepts operate on different levels and within a variety of academic disciplines and theoretical schools (like International Relations (IR), Foreign Policy, Sociology, Political Philosophy, Security Studies and EU studies). A significant number of contemporary energy security debates still reside within the broad IR school that continue to draw upon and further develop a variety of theoretical approaches, providing new perspectives on different energy issues.

For decades the realist school of IR dominated the analysis of the EU-Russia energy security relations through 'energy security' and 'threat perception' concepts in theoretical and analytical terms (Klare, 2008; Peters and Westphal, 2013: 92-93). Mainly during the Cold War, energy security was under the geopolitical umbrella of realism that viewed state-centric relationships in terms of distributions of military and economic capabilities, power struggles over physical availability and control over distribution of energy resources as a given nature of states' behaviour, with fixed interests and preferences that exist in a material-based reality and inevitably lead to the existence of threats and energy conflicts. Fundamental consideration of energy as a tool to pursue countries' goals and an element of 'hard power', overlapping with military, political and economic dimensions, was made by neoclassical realism specifically

(Morghenthau, 1985; Klare, 2008). Hitherto, geopolitical perspectives on energy security have been commonly used to understand inter-state resource conflicts and rivalries among countries (Klare, 2008: 21-22) and general monopolistic behavioural trends of energy suppliers, like Russia. A variety of scholars such as Prozorov (2006), Trenin (2007), Stullberg (2007), Orban (2008), Lucas (2008), Perovic and Orttung (2009), Youngs (2009: 6-9) and Favennec (2011: 211-212) extensively apply geopolitical inferences to Russia's interest-driven international approach and its Eurasian imperialistic aspirations.

While a great deal of insightful literature has focused on the realist theoretical interpretation, another group of IR scholarly debates on EU-Russia gas relations derives from the broad liberal theoretical camp. The liberal account utilises norms and regulatory driven approaches combined with energy governance and global energy market perspectives (the 'markets and institutions storyline' according to the Clingendael International Energy Programme (2004: 23)). As opposed to viewing energy as a geopolitical tool, the liberal school tends to treat energy mainly as a market commodity, which largely informs the European perspective on energy security and cooperation. Thus, this view encounters debates around economic power and interests, welfare, energy market developments, energy cooperation and market ties. Energy governance and the impact of the institutional and regulatory frameworks (such as the World Trade Organisation, the Energy Charter, the EU liberalisation packages) on international relations are the focal points of liberal thinkers (Talus and Fratini, 2010; Haghighi, 2007; Kuzemko et al., 2012; Gerrits, 2009; Eberlein, 2005: 59-88; Kuzemko, 2014; Romanova, 2008; 2010; Mitrova, 2012; Belyi, 2008; Goldthau and Sitter, 2015a).

In broad terms, both IR schools adhere to geopolitical and economic underpinnings of EU-Russia energy interplays based on the materialist perception of reality, highlight the impact of anarchy on IR, and view states and structure as given. However, if the complexity of contemporary energy relations between states can be explained through the notions of power capabilities, material interests and security as an ultimate goal, then why and how states perceive and construct energy threats differently cannot. The theoretical value of these two schools of IR thought is very constrained when it comes to analysing the intangible constructs of energy threats based on the perceptions of identities, interests and countries' own vulnerability. Such static approaches, when applied to the analysis of transforming energy identities and attitudes between the countries and the visible patterns of threat perceptions, seem analytically simplistic and theoretically narrow-minded. They fail to plausibly tackle the fundamental questions about mutability of structure and agents and explain how and why different energy

threat perceptions are constructed in the EU domain and what the implications of such constructions are for the energy policies of the EU MSs.

Departing from the first initial observation posed in Section 1.2.1. that the nature of the EU-Russia energy relations is deeply undermined by conflict, out of the two theoretical perspectives, realist theorising is more appropriate for the understanding of rivalry and the impasse in energy relations between Russia and the EU. This is, as opposed to the liberalist argument that advances cooperative incentives on the market-society level rather than the state level and emphasises peaceful mechanisms of shaping inter-state relations. The latter has little value in explaining the nature of energy threats and the impact of such ideational factors as interests and identities triggering problems in the inter-state relationships.

While the material role and the actors' systemic constraints as viewed by realism in the study of energy security threats between the states will be acknowledged in more detail in Chapter 2, realism singularly cannot provide a fully comprehensive understanding of why and how energy threats develop and progress in such a complex and multi-dimensional non-state entity as the EU. Given that the energy security and threat perceptions in EU-Russia relations are often ambiguous and complex, they require a more nuanced approach than is currently recognised in the conventional IR and geopolitics-dominated literature. Originating from the conventional materialist analysis, the notion of energy security has transcended its traditional meaning and reference into the ideational dimension (Chester, 2010; Dyer and Trombetta, 2013: 6). Revolving around economic, political and social variables, constructivism is particularly useful in explaining the conflict in the inter-state energy relations that develops beyond simply material triggers of the conflict, like halts in physical gas deliveries and price hikes. It allows one to argue that certain structures of meanings influence how actors realise those material conditions, and therefore the ideational context, in which states pursue and conceive their political and economic interests, is important. By viewing energy threats as a result of social constructs by the actors (accounting for domestic and international factors), it explores how and why various actors react to similar threat circumstances differently, making the process of threat creation politicised and subjective. Thus constructivism can provide deeper understanding of the existence of the variability of threat perceptions in the EU-Russia energy domain, from the position of the EU countries.

As will be developed further within Chapter 2, 'one of the key accomplishments of constructivist research in the last years has been to draw attention to the differences between EU Member States in terms of their foreign policy traditions, and strategic and

bureaucratic cultures' (Meyer and Strickmann, 2011: 64). Therefore, constructivism allows understanding of the role of ideational factors, such as interests and identities, in the constitution of the EU MSs' energy threat perceptions on both the international and the domestic levels (Hopf, 2002) and the political implications of these phenomena (Risse, 2004: 164-165). Constructivism explains a variety of perception-based energy security approaches in the EU MSs and the importance of their policy outcomes for energy relations with Russia (Checkel, 2006; Saurugger, 2013: 889; Peters and Westphal, 2013).

1.2.4. The EU and its Member States as Units of Analysis

A review of the IR literature, but mainly the constructivist EU studies (which both follow in Chapter 2) indicates that the EU does not comply with the existing practices and types of actors in the IR understanding and suggests the problematic nature of the EU as a global actor and inconsistencies in the collective narrative of the emergent energy policy (Hill, 1993; Wright, 2011; Goldthau and Sitter, 2015a; Anderesn et.al., 2016). Having shared energy competences with its MSs and being restricted by them, the EU has very limited supranational capability to act as a coherent energy actor in the foreign and domestic energy milieu (Haworth, 2010; Delreux, 2014; Peters, 2016). Sections 2.2.2.2. and 5.3.2. problematise the nature of the EU energy actorness in theoretical and empirical terms through the range of the EU studies literature. Therefore, despite the scrutiny of the EU-Russia energy relations starting on the supranational level of the EU in Chapter 5, the thesis moves its analysis to the level of the EU MSs in Chapters 6 and 7, mainly Poland and Germany.

The previously described foreign policy and energy tensions between the EU and Russia in the 21st century became aggravated by disruptions of gas flows to the EU due to intermittent energy conflicts with the transiting states of Belarus (2005 and 2010), but mainly Ukraine (2006 and 2009) as the most important transit route to Europe. These gas supply disruptions exposed long-standing problems in the EU's external energy dimension with the EU's energy identity as a fragmented energy actor (see Chapter 5). The literature also reveals vulnerabilities that are associated with the construction of the EU internal energy market, which are directly related to the diverse energy interests of the individual EU MSs (Howorth, 2010; Wright, 2011; Peters, 2016). Thus the EU's evolving role as a global actor is not sufficient enough in the energy sector to be able to overcome a variety of perception-based policies in relation to Russia. The fact that the EU has shared energy competences with its MSs (European Union, 2010), and does not have a unified approach to the conduct of external energy policy towards third countries allows the thesis to look at the level of the EU MSs.

Therefore the security of gas supplies from Russia to import-dependent Poland and Germany creates an essential platform for analysing what constitutes energy differences in crafting various national threat perceptions and reactions of the EU MSs towards Russia.

Discrepancies between 'old' EU MSs, where the gas supplies still belonged to the area of national sovereignty, and a more pro-solidarity energy approach of 'new' member states, compromise a coherent European energy policy towards Russia and complicate energy relations with its key gas supplier (Aalto, 2012). The case studies of Germany and Poland demonstrate the divergence of energy interests and identities inside the EU and explain the lack of collective narrative in perception-based energy policies among the EU countries. Hopf (2002) and Checkel (2006) noted that 'constructivists will benefit from a more systematic integration of domestic politics into their arguments' (Checkel, 2006: 1), and that is exactly what this research has done. By including social practices that constitute identity and energy interests on a domestic level of the EU MSs, it is possible to investigate their transformative impact on the relations within the EU and energy interactions with Russia.

1.2.5. The Significance of the Time Frame

As identified above, the complexity and controversies of energy security and the grounds for the construction of threat perceptions can be best understood through the example of EU-Russia gas relations between 2004 and 2012. From a methodological perspective, the choice was influenced by the view of Pierson (2004: 79) stating that observation of social processes over such a time period favours the identification of mechanisms that would not otherwise be identified. For EU-Russia energy relations, this period illustrates sufficient continuity to observe the development of European threat perceptions and any possible changes in the EU's attitudes towards Russia's energy identity and interests (George and Bennet, 2005). The inclusive period of eight years allows for a plausible examination of the EU-Russia energy confrontations based around the construction of the EU's energy market, the diversification policies and most importantly the key gas supply disruptions from Russia. During this time the issue of energy security related to the 'Russian problem' appeared, started to develop and reached extremely high importance on the European political agenda.

However, the significance of the indicated time frame lies specifically in the EU MSs' energy identities and their relations with Russia. Firstly, the period of 2004-2012 reveals more explicitly the nature of interests and the complexities formation of countries' energy identities within the EU architecture specifically, aggravating 'old'

problems in the 'new' reality (specifically for Poland). The year 2004 was the starting point of Poland's accession to the European Union, allowing the thesis to focus on two case studies of Poland and Germany as fully-fledged members of the EU. In effect, both countries received equal opportunities to upload their energy interests to the supranational EU level (which in the German case its adherence to energy efficiency policy became rooted as a key energy security priority, being transmitted to the EU level), to be eligible to benefit from the EU funds to support different energy projects (which Poland specifically relied upon) and ultimately be equally affected by the EU energy market liberalisation policies. Moreover, both Germany and Poland held the Presidency of the EU Council during this period (Germany in 2007 and Poland in 2011), which provided additional inferences for exploring countries' energy security priorities. Secondly, despite both Germany and Poland being in long-standing import dependent relations with Russia way before 2004, the indicated period of 2004-2012 demonstrated the peak concentration of energy conflicts that undermined countries' energy security. Specifically, they included gas supply disruptions from Russia to the EU in the winters of 2006 and 2009, the most significant of Poland's gas contract renegotiations with Russia in 2010 and Germany's contestations with Russia about high gas prices for energy (alongside with other EU MSs).

While the chosen time frame serves the purpose of the analysis of the variety of European attitudes towards its main gas supplier, it will not prevent this thesis from referring to earlier contingent historical events, circumstances or conditions for more profound explanatory purposes of the study (for example, Polish-Russian contract-based energy agreements on particular gas related issues from earlier). Thus, the analysis recognises that current EU MSs-Russia relations have also been influenced by the long-term decisions and policies that were made prior 2004, making it somewhat path-dependent. This, in turn, needs to be understood and studied precisely.

1.3. Novelty and Originality of the Research

In a nutshell, the originality of this thesis lies in the empirical application of threat perceptions to the case studies of Poland and Germany to understand EU-Russia energy security relations. By empirically studying the political construction of energy threats and applying those to specific case studies of Poland and Germany, the thesis makes novel contribution to knowledge about the evolution and the implications of threat perceptions and refines conceptualisation of energy security in the EU-Russia relations. This section only provides an overview of the key original features of the research below, which will be reconsidered in the final Conclusion chapter of the thesis.

Until recently, politicisation of energy security in EU-Russia relations was largely attributed to Russian international behaviour and its use of energy as a foreign policy tool (Baran, 2007; Trenin, 2007; Aalto, 2008; 2012; Hashim, 2010; Smith, 2011). Yet the underlying reasoning behind energy-related behaviour from EU side and the conditions for political constructions of energy threats in the EU member states were either largely underestimated or simply neglected in IR and EU literature. No systematic comparative research has been done on the variability of meanings attached to energy security threats among the EU MSs that are exposed to mutually shared material factors and energy challenges (such as growing gas import dependence on Russia, gas price renegotiations with Gazprom, supply disruptions, energy price fluctuations and the impact of the EU energy market liberalisation processes). By analysing origins, means and implications of political manipulations of energy threats in Poland and Germany, the research fills in the empirical vacuum and clarifies the politically constructed nature of energy security threats, presenting a novel understanding of how and under what circumstances energy can become a security issue.

Following the problematic and conflicting nature of the EU-Russia energy security relations and the need to explain a variety of threat perceptions in the EU this section seeks to elaborate the novel understanding of energy security threats based on supremacy of ideational factors. The role of ideational factors of energy interests and identities and the previous history of interactions (rather than solely material reality), contributes to more knowledge about the determinants of states' perception-based behaviour and explains the social construction of energy security threats. The politically constructed nature of energy security and threat perceptions is something constructivists have not considered before in the empirical application to specific case studies of Poland and Germany. The case studies are established to demonstrate different conceptualisations of energy threats and explain how countries construct their policies around chosen definitions and attached meanings (Wendt, 1999).

The above approach enhances understanding of the constitutive process of threat constructions as interests and identities have a transformative effect on threat perceptions and inter-state energy relations in general. This transformative effect is revealed through the causal link between interests, identities and threat perceptions. It exposes how non-tangible understandings of particular meanings of energy threats are translated into tangible policy outcomes (that is under which circumstances energy security threats result in specific perception-based policies and become a powerful governmental tool that states use to pursue specific political and economic goals and justify particular policy choices in the EU MSs).

1.4. Research Objectives and Positioning of the Research Questions

Acknowledging that contemporary international politics is not restricted to national security of states, material interests and existential threats to their survival, the main aim of the research is to examine the ideational basis for energy threat perceptions and energy securitisation processes in the EU, along with energy challenges that occur in relations with Russia, leading to an impasse in energy cooperation. Due to variations in the level of energy dependence on gas supplies from third parties, domestic level of energy endowment, historical legacies, previous patterns of political and economic relations with Russia, different European countries are naturally exposed to different levels of energy insecurity. Those material-based energy insecurities combined with socially constructed energy threats generate disparities in perception-based policies between the EU MSs, which need to be contextualised and explored in more detail.

Thus, the intention of this thesis is not to objectively determine whether Russian energy policy presents a real or an imaginary threat. Neither does this thesis seeks to test the 'realness' of Russian clichéd 'superpower' identity (Milov, 2006b; Rutland, 2008), as the consequences of Russia's energy approach having detrimental effect on European energy security are obvious. Rather it seeks to understand why energy threats exist in the EU and how they are perceived and reproduced in the EU generally and in Germany and Poland in particular. If energy security threats are closely related to supply security vulnerabilities, then the thesis aims to uncover what exactly constitutes an energy threatening environment to the EU and individual MSs. How far is the problem hidden in resource availability (domestic or external resources to satisfy fast growing energy demand) and the level of gas import dependence? Is it all about the 'quality' of interactions between importers and suppliers, and what role do domestic factors of the EU MSs play in the creation of energy threats about the Russian energy stance? The impact of individual country-cases is vitally important for understanding the variety of perceptions of commonly shared energy security of gas supply precedents in the EU. This variety of tangible consequences and policy outcomes produced by intangible perceptions is fundamental for understanding the EU-Russia energy security relations, regardless of whether or not the perceptions of threat are accurate or perceived.

For this reason this thesis will look at the mechanisms and implications by which states derive meanings about energy security threats from the complex European energy security environment and the EU relations with Russia. The goal is to clarify the intentions behind the policy choices that EU MSs make, and what value and significance Poland and Germany attach to energy security in the Russian context. If

the political and economic interests are a matter of construction, rather than simply the competition for power (as realists would claim), it is vital to understand why they are constructed in a particular manner and at a specific time. The proposed case studies of Germany and Poland will provide a spectrum of perspectives on energy security concerns, and on their contribution to the construction of the energy security threat agenda at the EU level.

In pursuit of the above aims and deriving from the highlighted importance of the topic, being predicated on controversies in the constructivist debates about energy security and threat perceptions, inherent foreign policy misunderstandings between Russia and the EU, problems with EU energy actorness, and strong attachment of the EU MSs to their sovereignty and energy competences, the research project formulated the following two-fold primary question:

'Why do differences in threat perceptions and understandings of energy security among member states of the EU exist, and how do they affect the EU's energy stance and its relations with Russia?'

The above key research question arises from the need to understand the existing discrepancies and the lack of inter-subjectively shared understanding of energy security and threat perceptions between Russia and the EU, as well as among the EU MSs, that has causal explanatory strength for the impasse in the EU-Russia energy interactions. It will be answered throughout the whole thesis and will be supplemented with three working sub-questions, which are employed to be the guiding principles of the following chapters. It is important to note that due to the complexity and multi-dimensionality of the topic, the answers to those sub-questions will not be provided in one singular chapter, but will be cross-referenced between the chapters.

In brief, Chapter 2 identifies both the overly materialistic perspective of realism and the simplified broad conceptualisation of security as a threat to survival by the Copenhagen School of Security Studies, as insufficient approaches for understanding self-referential practice of energy security and complexities of threat constructions between states, applying the constructivist lenses. It presents the theoretical constructivist explanation of interests and identity as influencing factors on a construction of a variety of energy threat perceptions towards Russia and explores differences in perception-based policies of the EU MSs (undermining the EU energy actorness). Chapter 3 links constructivist understanding of the conflicting nature of EU-Russia energy relations with the analytical categories of energy security, threats, and sensitivity and vulnerability. The emphasis on the impact of threat perceptions on the development of the EU-

Russia energy relationships will be made. While Chapters 2 and 3 provide theoretical and conceptual foundations for understanding the nature of the EU-Russia energy relationships, Chapters 5, 6 and 7 illustrate how the above constructivist insights are operationalised in the empirical cases of the EU and its members Poland and Germany (which methodological choice is justified in Chapter 4).

Therefore, deriving from the theoretical and conceptual premises about potential reasons for inter-state conflicts, to answer the first sub-question of '*What factors undermined energy relations between Russia and the EU between 2004 and 2012?*' it is essential to empirically explore the structure and dynamics of EU-Russia energy interactions. The analysis starts with development of hardly successful multilateral and bilateral EU-Russia energy initiatives (Section 5.1.) and continues with understanding of the most contentious areas, differing EU and Russian perceptions about gas import dependence and energy security, diversification policies and EU's market liberalisation processes (Section 5.4.). Alongside the previous Chapters 2 and 3, Chapter 5 reveals the lack of inter-subjectively shared understanding of energy security challenges between Russia and the EU and the lack of political incentives to cooperate more effectively.

Energy misunderstandings between Russia and the EU (being a determining undermining factor in itself) is complemented with the scrutiny of the EU and Russia's energy identities and policies. Thus a contribution of this chapter in answering the first research sub-question lies in identifying the troublesome nature of Russia's identity as an international energy player (Section 5.2.) and more importantly incoherence of the EU's energy actorness in domestic and international energy affairs (which is theoretically conceptualised by Jupille and Caporaso's framework in Chapter 2 and analytically scrutinised in Chapter 5). The empirical findings of Section 5.3.2. about the EU's weak and incoherent energy actor identity, which is affected by the EU MSs' reluctance to delegate their energy competences to the supranational EU level, explain the methodological choices of reducing the EU-wide level of energy policy-making to the individual EU MSs of Poland and Germany (in Methodology Chapter, Section 4.1.2.). In addition, domestic energy policies and strong feeling of energy sovereignty of the EU MSs have an adverse impact on a commonly shared European energy policy approach and the EU-Russia energy security relations (Sections 6.1., 6.2. and 7.1., 7.2. of Poland and Germany case studies).

The problematic nature of EU identity as a coherent energy actor brings the thesis to pose the second research sub-question, which is more case-study specific: *'Which role do the conditions and origins of energy insecurity in Poland and Germany play in*

triggering threat perceptions?'. The analysis of Russia's assertive foreign energy policies and the conflicts with the transiting states in Chapter 5 demonstrates that energy threats for the EU and its MSs are posed externally and triggered by unpredictable and complicated relations with the key energy supplier Russia. A threat does not have to be material, real, intentional or exclusively posed externally due to high EU's energy import dependence to cause threat perceptions. However, a large part of EU MSs' energy threats originate inside the EU: from the supranational EU level (gas market liberalisation obligations imposed by the evolving consolidating EU's energy market) and from domestic energy policies of Poland and Germany. Sections 6.1. and 6.2. and 7.1. and 7.2. expand on the conditions and nature of Polish and German internal energy market relationships, providing a comparative analysis of countries' attitudes towards EU energy security priorities (such as diversification of energy sources and routes, energy solidarity and EU market liberalisation), uncovering why and how various EU MSs perceive energy security threats differently.

Since the theoretical tenets of constructivism allow us to explore threat perceptions through the causal impact of interests and identities, the thesis arrives at the last sub-question: *'Under what energy identities do Poland and Germany act in the EU and what is their role in the construction of threat perceptions?'.* The answer to this question is mainly presented in Sections 6.4. and 7.4. of the case-study chapters. Coming from the constructivist premises, those sections aim to explore Poland's dual energy identity between a victim and an energy solidarity agitator and Germany's energy actorness as a 'reluctant leader' in the EU (Vaisse and Kundnani, 2011: 17). Both energy identities and self-identification within the EU architecture contribute to understanding Polish and German energy interests better, having an impact on countries threat perceptions and their relations with Russia, which those sections will demonstrate. By utilising a particular image these countries are able to enhance the material and ideational aspects of their energy security.

Finally, the Conclusion Chapter 8 of the thesis will briefly summarise and emphasise the original findings of this research, summing up the main answers to the research question about the existence of variability in threat perceptions among the EU MSs and their implications for the EU-Russia energy security relations. Relying on the empirical contribution to understanding the EU-Russia energy security relations, the future research agenda will be identified.

Chapter 2. Theoretical Foundations

A wide range of academic approaches exists in exploring the issues of energy security and threat perceptions through different theoretical prisms. This chapter aims to contribute to the natural evolution of thought about energy security, beginning with the developments within the realist school and the cross-cutting realist and constructivist findings of the Copenhagen School of Security Studies, both dealing with the material underpinnings of security and threats. However, while adapting some of the conceptual elements of the material world, the research encounters inherent limitations of realism and the Copenhagen School for analysing political construction of energy threat perceptions. Therefore, this chapter only recognises the virtues and genealogical legacy of realism and the Copenhagen School, departing from their findings and embarking on a constructivist ideational account. The goal of this chapter is not to be a part of realist-constructivist theoretical debates, but to emphasise the importance of constructivism specifically as a key theoretical perceptive for analysing the EU-Russia energy security and to explain the construction of threat perceptions through the ideational categories of interests and identity.

The choice of these particular schools is determined by the complexity and multifarious understanding of the energy security concept and the multi-layered and highly problematic nature of EU-Russia energy security relations (Chester, 2010; Cherp and Jewell, 2011; Zeniewski et al., 2013), being characterised by the rapidly changing dynamics of the security debates, a variety of involved actors, and the diversity of their perceptions and interests. Any solitary theoretical account seems to fail to comprehensively address the problem of EU-Russia energy relations. As confirmed by Cherp and Jewell (2011: 1), complex and intertwined energy security challenges 'cannot be analysed within the boundaries of any single perspective'.

Inferring from the above, the initial Section 2.1. explains some of the realist fundamental ideas, advancing its key theoretical assumptions about state-centric and interest-based approach to analysing states' behaviour and security as stake-holders' ultimate goal. Alongside presenting a relatively plausible framework of EU-Russia energy problems based on material power struggle and imperative national interests, the main focus of the section nevertheless is on the limited capacity of the variants of realism (like classical realism, structural realism and neoclassical realism) to explain systemic changes, the formation of interests in the inter-state interactions and threat perceptions, justifying constructivism as the main theoretical perspective that underpins this thesis.

Section 2.2. aims to remedy the limited realist approach to understand international relations purely though the given nature of states' behaviour and naturally existing conflict between them, actors' exogenously fixed interests and given preferences, and a static understanding of materialist reality (Wendt, 1992; 1999; Adler, 2013). In the process of doing so, this section draws on the general theoretical premises of constructivism in the school of IR that emphasises the pre-eminence of ideational factors over the material world, while acknowledging the legacy of realist doctrine and its close relations with constructivism (Checkel, 1998; 2006; Roussau, 2006). More specifically, the section focuses on two main factors affecting EU MSs' energy threat perceptions and the EU-Russia energy relations: 1) mutually constituted interests and identity and 2) the previous history of interactions between the actors. Constructivist tenets of interests and identities are specifically chosen as the most viable, encompassing and plausible explanatory perspective of the ideational dimension for analysing the problematic energy relations between the EU and Russia. The section looks not only at the relations between interests and identity, but explains their ideational role as facilitators of countries' behaviour, mainly how and why states interact with others, pursue energy policies in a particular way and construct subjective reality. The importance of those two factors is specifically underlined in the construction of threatening images in the EU MSs, having causal effect on threat perceptions in the EU-Russia energy relations. Consequently, in this research identity and interests and the history of previous interactions are used as components of a broader threat analysis in the EU and the determinants of positive or negative perceptions of Russia and friendly or rival attitudes. To answer the research question about the role of interests and identity in the construction of threat perceptions in Germany and Poland, constructivism allows the exploration of the conditions and sources for constructing a variety of threats within the Union, as well as the implications these constructions have for countries' energy relations with Russia.

However, despite for more than two decades the origins of constructivism stayed within the field of IR, not the field of EU studies (Hopf, 1998; Zehfuss, 2002; Barkin, 2003, Checkel, 2006: 1; Epstein, 2013; Adler, 2013), it is short-sighted to disregard the latter while studying the EU-Russia energy interactions and the developments within the European Union architecture (Smith, 1999: 690; Christiansen et.al., 2001, Checkel and Moravcsik, 2001; Risse, 2004; Tanil, 2014; Delreux, 2014; Goldthau and Sitter, 2015a; 2015b). With the expansion of the European Union (in terms of accession of new EU MSs) and deepening processes of economic, political and normative integration, analysing the complexity of the EU's identity and its energy competences solely within the IR school became incomplete and superficial. For instance, if IR analytical

orientation of constructivism to be applied to study EU's identity, it commonly becomes a part of the EU integration debate between liberal intergovernmentalism and neo-functionalism (Christiansen et.al., 2001; Risse, 2004). However, attributing the nature of the EU's identity to a state-like entity or a functional organisation with the set of institutions demonstrates 'narrow focus and sterility of the debates' (Risse, 2004: 159)[4], downgrading the complexity and unprecedented nature of the EU as a collective actor of a special *sui generis* type (Niemann and Bretherthon, 2013). Consequently, with the purpose of the research to understand why the EU cannot engage Russia in its energy policy in a consistent way and to explain a variety of energy threat perceptions within the EU, there is little explanatory value in reducing the nature of the EU's identity to a unitary state-like entity or defining it in purely institutional terms.

In order to theoretically and empirically study the contested nature of the EU's energy identity, IR constructivism transcends into the area of EU studies, facilitating this thesis to rely on the range of EU literature that looks at the constructivist account of EU actorness (including but not limited to Jupille and Caporaso, 1998; Risse, 2004; Saurugger, 2013; Jupille et.al., 2003; Goldthau and Sitter, 2012; 2015a; Thomas, 2012; Delreux, 2014; Pomorska and Vanhoonacker, 2015; Peters, 2016). Deriving from the above, this thesis relies on widely used constructed conception of EU's 'actorness', generally defined as 'the capacity to behave actively and deliberately' in the international system (Sjostedt, 1977: 16)[5]. Actorness as a concept enables the thesis to explore the evolution of the EU's energy policies and actions. Most of the existing research notes that the material energy conditions of EU and its MSs (gas import dependency, material energy capabilities, geographic position, diversity of energy supplies, etc.) influence the way these countries behave in the EU and international context (Matlary, 1997). However, constructivism also adds the subjective ideational dimension of actorness, such as mutual political will of the EU MSs and shared understanding of energy security challenges in the EU as determinants of unified European energy security approach.

In conceptual terms, the majority of existing academic debates about the nature of the EU actorness in general, and particular areas within the first and partially second pillars of the EU, indicate huge interest and high importance for scholars that try to explain causality in EU's foreign policy behaviour (Bretherton and Vogler, 2006; Thomas, 2012;

[4] Even though the liberal theoretical camp is not discussed in this thesis, the nature of EU's structure and its energy actorness is bound to be explained through an institutional dimension, which aims to emphasise the EU's ineffectiveness as an energy player and in relations with Russia. This, in turn, will justify the methodological choice of exploring the EU MSs and Russia's bilateral energy relations.

[5] 'Actorness' and 'actor capacity' or 'capability to act' is used interchangeably in this thesis (Jupille and Caporaso, 1998: 214).

Peters, 2016; Hebel and Lenz, 2016). They demonstrated a variety of problems with the EU collective approach as an international actor and with an effective institutional framework, due to the determining role EU MSs play in EU's policy-making (Bretherton and Vogler, 2006; Howorth, 2010; Wright, 2011; Maltby, 2014; Anderesn et.al., 2016). The existing research about the EU's problematic international role and the importance of the EU MSs facilitated the need to investigate the constructed nature of EU's energy actorness on the underexplored domestic and international energy levels (to be empirically scrutinised in Section 5.3.2.). For this reason the conceptual framework of Jupille and Caporaso (1998) to theoretically define the criteria for analysing EU's energy actorness has been chosen and will be justified in Section 2.2.2.2.

The limitations of realist premises are partly scrutinised in Section 2.3. with reference to Barry Buzan, who brought the realist-constructivist synthesis of the English School even further, grounding it in the Copenhagen School of Security Studies (Barry Buzan, Ole Waever and Jaap de Wilde). The theoretical contribution of the Copenhagen School to this thesis lies in its constructivist genesis of treating security as 'a referential practice' that is socially constructed (Buzan et al., 1998: 24). The Copenhagen School expands the traditional conceptualisation of security and clarifies how energy can become a security issue through the process of securitisation. This is particularly important for a complete understanding of the notion of energy security that is to be more profoundly conceptualised in the next Chapter 3. Nevertheless, the precise focus of the Copenhagen School on analysing the detailed process of securitisation through the technicality of the speech act (with the involvement of the securitising actor, securitising move and the acceptance of the audience of presented existential threat as being such) makes this school overly reflectivist in nature, which is not the basis for this thesis. Likewise references to the nature of existential security threats provide an overly narrow realist conceptualisation, which does not cover intricate energy threat aspects. Due to those important limitations elaborated in Section 2.3., the Copenhagen School provides merely a platform for conceptualising energy security and threats in constructivist terms and will be only indirectly referred to in the examples of the empirical chapters. Summarising the above, the constructivist perspective will explore the way in which the EU and its MSs identify, define, shape and justify their energy insecurities, threat perceptions and energy policies, as well as reveal what role their interests and identities play in the construction and reproduction of negative threat perceptions of Russia.

2.1. Realism as a Limited Attempt to Analyse EU-Russia Energy Relations

Since the mid-twentieth century, the conventional realist literature in the area of security has developed a general understanding of actors' behaviour and the existence of threats. By focusing on the state-centric level of analysis, power as a key analytical category, the given nature of anarchy, the static understanding of material-based reality, exogenously fixed states' interests, and security as a zero-sum game, this section presents the limitations and weaknesses of the broad realist school for analysing the EU-Russia energy security relations.

While having a relative consensus about explaining states' behaviour through the distribution of material power in the international system and military and economic capabilities under anarchic conditions (Waltz, 1979; Mearsheimer, 2001; Morgenthau, 1985), realists vary in identifying the source of power and the driving force for state's actions. For example, *classical realism* underlines an actor-driven approach with superiority of the state and the justified power-struggle. The existence of international conflict is characterised by the imperfect human nature of an actor and actors' drive for domination and superiority. While *neo-realists* (or structural realists) adhere to structure-dominated reality, 'blaming' the anarchic international structure for forcing states to be bellicose and aggressive in the process of competing for power (Mearsheimer, 2001: 139–161).

Regardless of which of the two sides of the realist debate scholars occupy, there is a relative agreement on the inevitable outcome of state behaviour – inherent conflict of interests and the existence of threats. States seek to gain a better position among others under the influence of international structure, being guided by power-maximisation characterised by Mearsheimer (2001) or security-maximisation that was used by Waltz (1979), which ultimately creates threats for other countries, thereby undermining their security. Overall, the situation is also known as a 'security dilemma', when intensification of one country's security leads to the increase in force of another country as a response (Hertz, 1951; Jervis, 1978). As a result, insecurity creates a perpetual potential for conflicts, misunderstandings, uncertainty and distrust between states.

Security is treated in terms of an ultimate goal and security-related actions of states are realistically credible only when obtaining security for one state means a loss for another (the zero-sum game). However, constructivists like Wendt (1992) suggest that anarchy does not inevitably lead to a self-help system and conflict and lack of security are not necessarily natural, but can be created through practices over time. Realist

understanding is limited in explaining the situations when one state's security is not perpetually threatened by other security-gaining states or when states want to cooperate to maintain security rather than compete for power. Thus, realism would struggle to adequately explain the co-existence of conflicting relationships between Russia and the EU and their cooperative attempts under the integrative frameworks of the EU-Russia Energy Dialogue (2000), Partnership and Cooperation Agreement (1997), Early Warning Mechanism (2009), EU-Russia Roadmap for Energy Cooperation until 2050 (2013).

Both classical realists and neo-realists take interests as exogenously fixed and identities of states as static, thereby excluding discussion on how changes in energy policies, preferences, attitudes and behaviour may come about (Wendt, 1999: 17). The above, together with a state-centric approach, where states are often treated as 'black boxes' (Waltz, 1979), seem inadequate in studying processes of policy-making and the dialectics of interest formation, ignoring why states construct and execute their preferences differently[6]. Realism does not provide coherent tools for analysing the emerging, shifting and diversifying EU-Russia energy policies that characterise contemporary rather than bipolar and menacing Cold War energy security debates. As a result, it disregards differentiation of countries' behaviour and functionality, the dynamics of time, place, context and space in shaping their preferences, which can, in turn, be important in shaping actor's attitudes and threat perceptions (Kratochwil, 1993). In general, classical and structural realism overlook that states do not pursue energy policy in isolation from their domestic political context and energy needs (Matlary, 2009: 79; Hopf, 2002). This, in turn, prevents researchers from understanding how threats can be constructed both domestically and internationally (rather than given) and what events cause countries to alter their attitudes and perceptions of each other.

A more balanced approach to explaining countries' behaviour and the response to a threat is taken by *neoclassical realists*, who combine systemic and unit-level variables in explaining causalities in foreign policy behaviour of states (Schweller, 2004: 164-165; Rose 1998: 145; Kitchen 2010). Despite being a branch of structural realism or the 'logical outgrowth of neo-realism' as Rathbun noted (2008: 297), neoclassical realists observe structure and interacting units in the co-influential environment. Thus according to Kitchen:

> Neoclassical realists regard the structure of the international system as providing states with information about the costs and benefits of particular courses of action, but how that information is processed and weighed

[6] Checkel (1998) called this process as 'the black box of interest and identity formation', which constructivism aims to understand.

> depends on the way states understand the world, their preferences, their ideas and their ethics (Kitchen, 2010: 143).

Unlike neo-realists that merge the internal characteristics of the state into the account of international politics, considering states as 'black boxes' (Waltz, 1979: 80), neoclassical realists combine 'elements of system, structure and domestic politics, of material and ideational factors' (Kitchen, 2010: 119). Schweller (2004) studied the impact of domestic policies, which often constrain the ability of states to act on the international arena and balance external threats successfully. Simplifying the role of domestic factors, 'states with similar internal bureaucratic structures will address similar threats in similar ways' (Kitchen, 2010: 133). However, by integrating the conceptual role of ideas as an intervening variable in policy making, rather than simply material capabilities, Kitchen (2010: 129) noted that neoclassical realism can 'explain the differing approaches of states towards similar threat by reference to differing operational ideas as much as differing coercive capabilities'. It provides an input in understanding the variety of driving factors for energy threat perceptions and the level on which threats are shaped and assessed (Lobell, 2009).

However, strong connections of neoclassical realism with structural realism and constructivism contain a few weaknesses and trigger criticism. For instance, Legro and Moravcsik (1999) consider that the domestic shift in preferences remains to be an *ad hoc* extension of structural realism (Legro and Moravcsik, 1999: 28), making neoclassical realism not distinctive or deep enough. Neoclassical realism simply shows that 'when states do not respond ideally to their structural situations, neo-realism tells us we should find evidence of domestic politics and ideas distorting the decision-making process' (Rathbun, 2008: 296). This means the 'use of domestic politics or ideas is by definition an *ad hoc* effort to explain residual variance' (Legro and Moravcsik, 1999; Rathbun, 2008: 308).

The integration of domestic political processes and ideational influence into analysis of states' behaviour makes neoclassical realism overly compatible with the constructivist approach. This in turn triggers another criticism of neoclassical realism that the use of ideas cannot be attributed to the genuine realist school tenets (Legro and Moravcsik, 1999: 36-38; Rathbun, 2008: 300). Kitchen (2010: 139) argues that ideational variables are able to account for changes at the unit level and affect static international environment and the structure of the system and provide historical explanations, which is against core realist assumptions. He problematises the role of ideas as key variables of realism by questioning that 'if the ideas in question reject realism, how can a realist theory account for them' (*ibid.:* 139). Legro and Moravcsik (1999: 9-10) argue that any

variant (or a 'paradigm' as they call it) of realism should be coherent and clearly differentiated from other theoretical alternatives. According to their view, neoclassical realism is not theoretically determinant and relies on 'exogenous variation in state preference' (Legro and Moravcsik, 1999: 27-28, 47). Therefore, the role of socially constructed ideas should be rather a prerogative of a theory dealing with ideational factors directly, like constructivism.

The above connections of realism with constructivism in studying energy security threats can be traced to works of Barkin (2003), Walt (1987) and Jervis (1978) and others. Thus, Walt (1987: 20-21) and Jervis (1978: 101, 112) noticed that not only states' actions but also threatening intentions contribute to another state's insecurity. With this in mind, Walt (1987) argued that threat perception is a function of four factors: geographical proximity, aggregate power, offensive capabilities and aggressive intentions. Applied to the EU-Russia energy nexus, Russia borders five EU members[7] (when geographical proximity matters due to threats travelling easier short distances in the gas pipeline grid, according to the Copenhagen School premises), is energy endowed (has the largest known stocks of the natural gas in the world, second largest coal reserves and is in the top-ten oil endowed countries), and has the capacity of using its aggregate energy power in an offensive way (Balmaceda, 2008; Smith, 2008)[8]. Russia's attempts to influence its post-Soviet spheres of interests, manipulations of the energy supplies and prices, ownership of the energy assets and the use of energy as political and economic tool have been viewed by the European countries as dominating and aggressive behaviour (Trenin, 2007: 96-98; Hill, 2004; Stulberg, 2007; Balmaceda, 2008; Orban, 2008). Therefore, if the geographical proximity, aggregate power and the offensive capabilities are matters of material facts that cause tangible negative consequences, the aggressive intention*s* are ideational and are subjects to a variety of European perceptions. That is where classical and structural realism (which look only at political outcomes and the given nature of states' behaviour) fails to fully explain the process of constructing of threat perceptions, differences among countries in viewing the behavioural intentions as menace and some EU countries' lack of incentives to unite against 'mutual' energy threat (Wendt, 1999: 301). Moreover, a general realist view struggles with evaluating the 'realness' of a state's aggressive intentions or if that state is only perceived to have aggressive intentions, making it problematic to

[7] Russia became the EU neighbour when Finland joined the EU in 1995, and in 2004 Latvia, Estonia, Lithuania and Poland (through the Kaliningrad region) became the immediate neighbours of Russia.

[8] To name but a few well-known energy incidents between Russia and European countries such as energy price discrimination to different European companies leading to the court trials with Russia (German E.ON, Polish PGNIG), energy assets acquisitions and energy disruption (oil deliveries to Lithuania in 1998-1999, 2001; Latvia in 2002; Georgia in 2003; gas to Ukraine in 2005 and 2009).

distinguish what exactly constitutes the hostile intentions and threatening behaviour (Rousseau, 2006: 10, 20-22).

Therefore, while acknowledging the material foundations of many threat perceptions, the element of subjectivity provides scope for the constructivist to step in and extend the materialist-based reality into the ideational dimension, encountering identities of states, conceptions, attitudes, interests and perceptions (see Section 2.2.). The fact that constructivism allows this thesis to problematise the process of interest and identity formation that reproduce themselves through states interactions and explore their effect on threat perceptions and energy securitisation policies puts it in an overall preferable theoretical position for this thesis, compared to realism (Zehfuss, 2002). The constructivist understanding of reality is to be explored in the following section.

2.2. Constructivism in IR

Since the end of the 1980s, constructivism underwent huge changes on its way to establishing itself as a significant field of IR (Zehfuss, 2002: 4). IR scholars continuously participate in the cross-cutting aspects of ontological and epistemological debate about the essence and application of constructivism. A number of authors searched for attempts to situate constructivism in the field of IR, by opposing and contrasting the constructivist paradigm to other mainstream IR approaches or complimenting them with constructivism. Among those are Adler (1997), Checkel (1998), Christiansen et al. (1999; 2001), and Risse and Wiener (1999), who distinguish constructivism as a 'middle ground' theory, helping 'building bridges' between rationalist theories of IR (neo-realism, neo-liberalism and other rational choice theories) and reflectivism (like feminism, post-structuralism, post-colonialism and critical theory). The ontological dispute progressed among scholars like Onuf (1989), Smith (1999), Zehfuss (2002: 5-6), Jupille et al. (2003), and Checkel (2012), who problematise the 'middle ground' constructivist position. They insist that constructivism successfully engages with the premises of other IR theories, shifting the balance of the 'middle ground' towards one pole or the other. A few scholars attributed constructivism to the reflectivist camp (Diez, 1999; Rosamond, 1999; Onuf, 2003), but the majority siding with rationalism (Wendt, 1999; Jupille et.al., 2003; Barkin, 2003; Checkel, 1998; Smith, 1999; Saurugger, 2013), making a constructivist synthesis with rationalism become the mainstream (Checkel, 1998; Reus-Smit and Price, 1998).

In this context, having strong connections with the broad rationalist camp of IR, mainstream constructivism does not have an anti-materialist position that entirely

rejects the importance and the impact of tangible material reality or material policy outcomes (Wendt, 1999: 25; Kratochwil, 1993; Checkel, 1998; Onuf, 1989; Katzenstein, 1996; Guzzini, 2007; Adler and Barnett, 1998; Adler, 2005; Finnemore and Sikkink, 2001; Klotz and Lynch, 2007). Instead the international structure includes both - objective material reality (Checkel, 1998) and 'the world of our making' (Onuf, 1989). It simply suggests looking beyond the material factors in the understanding how the world functions, being socially interpreted and dependent on the meanings actors attach to the material structure, shaping it through ideational factors (such as norms, ideas, conceptions, interests and identities, inter-subjective believes, and practices). Within the mutually constitutive understanding of the relations between structure and actors, constructivists argue that reality is socially constructed through actors' interactions (based on their ideas and conceptions), which in return enables and limits actors' behaviour. Subsequently, through the social process of interaction between actors and with the structure, not only the reality is shaped, but also countries' identities and interests evolve, change and are reproduced (Wendt, 1992; 1995; Adler, 2013). A 'social process through which agent properties and preferences change as a result of interactions' (Checkel and Moravcsik, 2001: 220-221) needs to be studied carefully as they can reveal causal mechanisms that underlie states' behaviour.

The key theoretical features of constructivism were summed up by John Ruggie:

> Constructivists hold the view that the building blocks of international reality are ideational as well as material; that ideational factors have normative as well as instrumental dimensions; that they express not only individual but also collective internationality; and that the meaning and significance of ideational factors are not independent of time and place (Ruggie, 1998: 33).

Naturally, there exist distinctions within constructivists of the rationalist type. For instance, Smith (1999: 683) claims that constructivism is closer to the 'neo-liberalist wing of the rationalist paradigm', while Checkel (1998), Barkin (2003) and Kitchen (2010) argue for constructivism and different variants of realism being more compatible. Technically the variants of rationalist-constructivist camp have the same ontological belonging by posing essentially the same questions (about how reality is socially constructed and how constructs affect international politics). They also deal with similar social facts, processes and developments, agreeing on mutual constitution of structure and actors.

Thus, the research sees little added value in conceiving of the EU-Russia energy security as contributing to the above meta-theoretical 'quarrel' of either constructivism with other theories or detailed distinctions within the constructivist group (Checkel,

1998: 327; Adler, 2013). Instead, since the research derives from the assumption of the conflicting nature of EU-Russia energy relations, it resides within the mainstream constructivism-realism theories, using their virtue of combining material factors and ideational structures (Adler, 1997; Meyer and Strickmann, 2011). Having broad ontological connections with realism, constructivism relies on realism's genesis by operating with such concepts as 'security' and 'threats' (which will be the key analytical elements of the thesis, to be explored in Chapter 3).

It should be noted though that for the last three years the developments within the constructivist school has shifted 'the middle ground' towards reflectivist camp, using post-positivist linguistic approaches, discourse and practice analysis. However, this shift has not affected or undermined the well-established epistemological and methodological positivist position that much (Adler, 2013: 112-113). Consequently, this research considers that the 'new middle ground' has not yet reached the sufficient level of maturity in the literature that analyses the EU-Russia energy relations.

As a general rule, adherence to rationalist theories provides commitment to positivist epistemology, whereas reflectivist-based constructivism subscribes to a post-positivist epistemology. For instance, Checkel (2006: 58-59) and Saurugger (2013: 889) presented a comprehensive discussion on *positivist* or *'conventional constructivism*' that looks at how ideational factors result in political behaviour (see Jupille *et al.,* 2003) and *'post-positivist constructivism'* that sheds light on how background context, language and discursive practices make certain changes in norms and identity of the EU possible in the first place (Saurugger, 2013: 889; Hopf, 2002; Price and Reus-Smit, 1998; Checkel, 2006; Diez, 1999; Epstein, 2013)[9]. Post-positivist orientations deal with the nature of the explored process (like the EU integration process) and examine mainly the 'constitutive logic' of ideational factors that 'constitute the environment in which actors are embedded' (Saurugger, 2013: 890), while conventional constructivism explains causal effect of norms, interests and identities on countries' behaviour that result in international political outcomes (Checkel, 1998; 2006).

As previously mentioned, being in line with rationalist mainstream assumptions, conventional constructivism does not refuse the role of materialistic factors and power as it analyses the material reality, which actors inevitably construct in a form of certain policy outcomes. Similar to realism's treatment of structure as constant, positivist constructivism presumes a relatively stable state of affairs to be able to trace these causal mechanisms. The difference is that the change in actors' interests derives not

[9] Checkel also distinguishes between 'interpretative' and 'critical/radical' constructivism as a part of post-positivist angle, both having a linguistic focus, but adding an explicit normative dimension to the latter (Checkel, 2006).

from changes in the material environment of the structure (as realism presumes), but depends on actors themselves and their understanding and perceptions of the changing structure. Such 'actor-centred constructivism' suggested by Saurugger (2013: 896-897) explores how ideas frame actors' interests and identifies (which are not pre-determined by structure), why actors consider particular ideas over others and 'why certain decisions are made at a specific period and not at another'.

Some scholars are convinced that more attention should be paid to differentiating the epistemological types of constructivism (Risse, 2004: 160; Checkel, 2006). According to Smith (1999: 689) epistemological differences are incommensurable and present extremely polar standpoints, making it impossible to use combined variants of constructivism. However, this view remains debateable, and this research uses a combination of both constitutive and causal explanations of social phenomena (Wendt, 1999; Saurugger, 2013). According to Saurugger (2013: 890) such combined logic in constructivism provides a toolkit to understand policy processes in the EU energy threat dimension and allows a richer grasp of the empirical research about the construction of social reality and policy implications of such constructions (Adler, 2013: 113). This approach allows an account of the complexity of the observed phenomenon of the EU energy actorness to explain how ideational factors (in particular interests and identities) evolve and constitute the energy security environment, and become a tool for the EU MSs to reach their aims (as a consequence constructing the material reality). Not simply policy outcomes, but also processes of reaching those outcomes should be in the focus of analysis. Thus, constructivism encounters the dynamics of time, place and context in the analysis of the energy relations between Russia, the EU and its MSs.

Attempts to ground constructivism within a particular epistemological basket are limiting to the analysis of interest and identity formation in the EU energy arena and the European energy security domain. It reduces the capacity to analyse multi-faced entity of the EU, and the development of threat perceptions of its MSs. As Saurugger (2013: 889) noticed, 'ideational aspects of policy-making processes make constructivist approaches particularly useful at explaining policy outcomes in a context of high issue complexity'. The European Union presents a perfect example of complexity (including an institutional and the division of energy competences complexities) and a contradictory set of energy interests, which are embedded in different values, perceptions and identities of the EU MSs and diverse rules of the EU institutional apparatus. The above actor-centred constructivism is extremely helpful in understanding the EU MSs' energy behaviour as arising from external and internal energy security challenges, and in explaining differences in countries' perceptions of

those challenges. On the empirical level, this will allow explanation of the multiplicity in energy threat perceptions in the EU and how perception-based energy policies of Poland and Germany operate. 'In order to understand how actors think and how their ideas count in policy-making, one must take into account the way actors use ideas strategically' (Saurugger, 2013: 888, 898), which in this research effectively makes Germany and Poland purposeful actors that use ideational structures of threat perceptions in accordance with their interests.

2.2.1. Constructivist Account of Identity and Interests: Implications for the EU-Russia Threat Perceptions

In general terms, depending on ontological and epistemological persuasions, constructivist IR scholars vary in their approach to studying the nature of social reality and the relationships between structure and agents. Some scholars study actors' behaviour under the influence of such ideational factors as interests and identities (Wendt, 1992; 1999; Hopf, 2002), while others look at norms, power and identity (Katzenstein, 1996: 537), Checkel and Katzenstein, 2009), strategic culture (Meyer 2006: 20; Meyer and Strickmann, 2011), norms (Kratochwil, 1993; Risse, 2004; Finnemore, 1996), norms and culture (Peters, 2016), social discourses, language and speech acts (Kratochwil, 1993: 27; Onuf, 2003), meanings, representations and the viewpoints of social agents (Zehfuss, 2002: 36), sovereignty (Reus-Smit, 2001; Kratochwil, 2010) and other different combinations of those.

Coming from the above connection between constructivism and realism to understand how and why states interact with each other in a particular way and what value is attached to energy threats, *interests* (what actors want) and *identity* (what actors are) were chosen as key determinants of states' behaviour, and triggers of negative or positive attitudes and consequently perception-based policies (Wendt, 1999: 231). Being the main properties of the state and the key attributes of actors' security, interests and identity correspond to the actor-centred approach chosen in this thesis, where reality is shaped with the help of actors.

Due to the fact that constructivists see relationships between structure and agents as mutually constitutive, they provide different to realism understanding about how actors' interests and identities change. Unlike materialists that attribute altering interests to changes in the structure, actor-centred constructivism assumes that 'interests of actors cannot be treated as exogenously given or inferred from a given material structure' (Risse, 2004: 161), but rather social, economic and political contexts of actors' understandings shape those interests. Wendt, for this instance, claims that 'only a

small part of what constitutes interests is actually material…the rest is ideational' (Wendt, 1999: 114-115), making the material world indeterminate without ideas. Thus identities and interests represent 'the products of inter-subjective social structures' (Wendt, 1999: 193; Reus-Smit, 2005) that 'may well condition the identities and interests of actors, but those structures would not exist if it were not for the knowledgeable practices of those actors' Reus-Smit (2001: 218). The categories of interests and identities are both rather contested and politically constructed identity's 'content and potential policy implications are highly context-specific and often fundamentally contested, and hence inherently political' (Hebel and Lenz, 2016: 475).

Some authors try to determine the prevailing relationships between interests and identities in search of drivers for states' behaviour (Wendt, 1999; Haas, 2001; Zehfuss, 2002; Adler, 2013). For instance, Wendt proposed a definition of interests as 'beliefs that actors actually have about how to meet their identity needs, and it is these which are the proximate motivations for behaviour' (Wendt, 1999: 232). Without interests identities 'by themselves cannot explain actions', so cannot generate behavioural disposition. By arguing that 'without interests identities have no motivational force, without identities interests have no direction', Wendt noted that 'interests presuppose identities because an actor cannot know what it wants until it knows who it is' (Wendt, 1999: 231). Adler (2013: 127) also prioritises identity by claiming that 'identity lies at the core of national and transnational interests'. Likewise, Haas (2001) also supports the supremacy of identity in explaining the behaviour of actors, as interests arise from a country's self-understanding, noting that 'state-actors are constituted by that system and take their roles from their perceived positions in it' (Haas, 2001: 26).

Drawing from the multi-dimensional and already complex nature of the research, this thesis does not need to determine whether identities inform interests or interests constitute identity. Since identities on their own do not fully explain the behaviour of states, one should explore interests as a constitute element of identity on theoretical and empirical levels (Zehfuss, 2002; Wendt, 1999: 231). Any prevalence of interest and identity is not theoretically relevant for this research, as what matters is the understanding that both identity and interests change and constitute the reality at the same time. Countries' behaviour and perceptions about another state are based on both interests and identities - a singular co-constitutive phenomenon. What is more important is the understanding of European shared ideas, conceptions and meanings attached to energy security and the relations with other countries. In making sense of an actor's perceptions and ideas about the world, the research recognises that actors affect the understanding of each other's interests and identities. Constructivist contributions in the explanation of relationships between actions, interests and

identities of states, and in understandings of the ideational meaning of structure, threat perceptions and security, are especially pertinent for analysing EU-Russia energy interplays (Risse, 2004: 164-165).

Deriving from the purpose of this research to explain the variety of energy threat perceptions in the EU, through the process of formation of interest and identities it is possible to induce how threat perceptions are constructed. Rousseau (2006: 6) underlined that 'depending on the set of considerations, threat assessment can be altered by priming certain considerations, and identity plays a central and often determining role in the construction of threat'. However, the process of threat perception is neither straightforward nor one-dimensional. In addition to the acknowledgement of the importance of material factors, there is no consensual agreement between mainstream constructivist scholars about which ideational factors contribute to perceptions and attitudes between states. Drawing from the core constructivists foundations (Wendt and Friedman, 1995; Wendt, 1999; Hopf, 2002), the chapter considers that EU's (and the EU MSs) threat perceptions of Russia can be shaped by two key factors:

1) The previous process of interactions between the EU and Russia, and

2) The constitution of interests and the identity of the EU and its MSs.

While evolving through interactions (Wendt, 1992: 394; Checkel and Moravcsik, 2001), interests and identities create grounds for the formation of energy threat perceptions of the EU countries that ultimately lead to misunderstandings and other negative policy outcomes for EU-Russia energy relations.

As threats *per se* are created in the process of interplays between actors (Wendt and Friedman, 1995: 141-144), the previous dynamics of those actors relations is important and can reveal energy interests of both parties. Through repetitive interactions, actors create perceptions of each other that often end up being stereotypes and prejudices. This sort of social learning (Zehfuss, 2002: 46) forces states to adopt a particular set of attitudes towards each other. Wendt (1999: 259-266) identified the spectrum of attitudes of one actor towards 'the other', based on three distinctive structural roles that 'the other' can have: enemy (that pursues violent behaviour and represents an existential threat), rival (that threatens to revise the other's 'behaviour or property') and a friend (Wendt, 1999: 261). These roles or images are created depending on the perceptions of the level of actor's violence, antagonism, aggressiveness and the limits of the threat that it poses. Representing the 'other' as an enemy leads to a specific

'foreign posture and behaviour, which in turn generates a particular logic of interactions' (Wendt, 1999: 262).

Drawing from the above, a range of material conditions in the EU-Russia relations, like previous economic embargoes, clashes of political values over a range of international affairs, energy dependence, can explain some but not all the specifics of the current energy perceptions inside the EU towards Russia. The problem is that even if the perceived antagonistic image of Russia created by the EU might not be necessarily 'real' or fully justified (Wendt, 1999), it will still have negative implications for EU-Russia energy relations, resulting in disputes, politicisation and meaningless over-securitisation of energy security. So, the nature of previous relationships between Russia and the EU (including its MSs) that creates grounds for future perceptions requires further investigation (which this research will accomplish in further empirical chapters).

Being developed through interactions, the created perceptions about other actors become rather stable over time, but not permanent (Wendt, 1999: 21). Likewise, constructivism's conception of anarchy, those images are not fixed. Identities slowly transform only through repeated interplays, allowing the actors involved to develop new expectations about each other, and therefore new perceptions (Wendt, 1999: 21, 328). Inter-subjective meanings of identities and interests alter in time, depth and scope, which affect changes in interests, behaviours, and perception-based policies of the state. However, such change in attitudes and perceptions is not a quick process. It takes time to change ones approach to generate more positive relations and to change ones shaped conceptualisation of identities (Wendt, 1999; Neumann, 1999; De Buitrago, 2012: XIV).

Alongside the already mentioned importance of previous interactions between Russia and the EU, another factor affecting the European energy perceptions is the formation of European energy interests and identity. If understanding of energy interests can be derived from the analysis of actors' energy policies as a materialisation of interest formation, then conceptualisation of country's energy identity requires more theoretical scrutiny.

As identified before, at the core of constructivist approach is the understanding that actors relate to each other within a landscape of socially constructed configurations when their interests and identity is hugely influenced by the process of interaction with other actors (Wendt, 1999; Finnemore and Sikkink, 2001: 393; Price and Reus-Smit, 1998). During the continuous process of interactions not only actors' attitudes but also

actor's identities and interests are shaped and reproduced over time, based on the inter-subjective meanings that states attach to themselves and 'the other', making identities subjective and relational.

In general, identity is a rather complex construction that consists of the meanings that an actor has about 'self' (the perception of their own identity) and the meanings attached by 'others' (Wendt, 1999: 224-225; Wendt and Friedman, 1995: 141-144) Checkel, 1998). From that view, identity consists of two parts: the *internal* identity (based on self-understanding) and *external* identity (based on inter-subjective understanding of other actors). Thus in the EU-Russia example, European perceptions of Russia as an energy actor would depend not only on the EU's external perceptions but also on Russia's own self-portrayed image. However, the aim of the research is not to analyse Russia's self-identity formations and not to distinguish if Russian self-image corresponds to meanings attached by the EU and its MSs. Subsequently, the internal constitutive factor of Russia's identity will be mostly treated as a given fact and referred to only briefly, leaving larger scope for exploring the 'external' perceptions of Russia from the European side. On the other hand, energy identity of the EU will be problematised from both internal and external perspectives (as mutually constitutive), with specific focus on the EU MSs, Poland and Germany.

Understanding of EU's identity derives from its internal and external perceptions. For example, 'EU shapes its own normative setting through its political actions and, in turn, that the external actors' perceptions (which are partly a result of the EU's actions) are important for what kind of international actor the EU is' (Larsen, 2014: 901). In addition, the conception of EU's self-identity affects the way it perceives others. Hopf (2002) studied domestic factors in the external identity formation that help to understand how national interests are defined and what international policies they lead to. As Hopf (2002: 16) notes, the view of 'self' interest and identity makes it possible for countries to distinguish 'the other' as an antagonist or a partner (or other variations within the 'friend-enemy' attitude spectrum). For instance, if the EU aspires to be a value-based energy actor with the supremacy of the rule of international law, liberal market and fair competition, then it is natural to expect to see the same approach from its key energy supplier Russia. The absence of similarities and shared understanding of energy security affects how the EU perceives Russian energy identity and behaviour. The next Section 2.2.2.2. expands on the EU's energy identity and its capacity to act as a coherent energy actor.

In addition, the conception of 'self' and its perceptions by 'the other' affect an actor's identity both ways, becoming mutually influential. For instance, the way the EU views

Russia might coincide with Russia's self-image, but such mutually shared views about one's image might not always be the case. If they do not coincide it might trigger undesirable peculiarities in the formation of the Russia's identity and negative implications for further interactions between these actors. Neumann (1999) presented an interesting historical account on how Russia's identity has been shaped by 'the other' (meaning Europe). Europe's consistent representation of Russia as a military and political threat since the Cold War era and a 'tamed' country that got stuck in the process of enduring 'transition' to become a Europeanised country is detrimental to a more positive creation of Russia's European identity and its acceptance of European norms and values.

The following example explains this idea further. Since the 2000's Russia has tried to gain recognition as a strong policy-maker on the international arena, a great energy power and an influential economic and geopolitical actor (Yergin, 2011: 40; Nygren, 2008). Supported by inconsistent and controversial energy policy-making for the last decade[10], Russia's self-image shaped negative perceptions of Russia within the EU[11]. Those European perceptions affect Russia's identity and attitudes towards the EU, shaping a sequence. Since the states are involved in 'critical self-reflection' (Wendt, 1992: 419-420), the perceptions of Russia's energy stance by the EU might affect Russia's conception of 'self' and have a transformative effect on the nature of its behaviour. The effect is commonly known as 'self-fulfilling prophecy' (Wendt, 1999: 263) or 'a desired effect' (Zehfuss, 2002: 46) or 'constitutive effect' (De Buitrago, 2012: XV). By categorising Russia as a threat, an aggressive energy actor or an 'energy superpower' that often abuses its supplier's position and violates the security of other countries (Klare, 2008: 66-76, 125-130; Smith, 2008; Baran, 2007; De Haas, 2010) endangers Russia adopting this image (De Buitrago, 2012). Such negative categorisation of Russia does not improve EU-Russia energy relations. Rather, treating Russia as a friend and an equal, as a mutually dependent and trust-worthy energy partner, might change the negative pattern in EU-Russia energy misunderstandings, producing a positive mirror-effect for their relations. According to the constructivist framework, 'friendship' or 'partnership' references in the EU-Russia energy domain would set up a non-violent and threat-free environment, which potentially would lead to

[10] Inconsistencies and controversies are revealed in a rather selective approach to gas supplies and gas price-making depending on a country-consumer. That, in turn, produced energy supply disruptions to Ukraine, Lithuania and Belarus. The empirical analysis of Russia energy policy will be addressed in Chapter 5.

[11] Naturally, adaptation of the new social role would not just happen on the basis of other state's perception, as other preconditions are vital (for more examples of the changes of actors' roles from rivals to more cooperative identities, see Wendt, 1992: 419-422).

opportunities for team-work in dealing with security threats and the creation of level-playing field.

2.2.2. The EU's Identity as an Energy Actor

Since this thesis explores EU-Russia energy security and threat relations, and since threat perceptions largely depend on the actor that perceives Russian energy behaviour and identity as threatening, the problematisation of the EU's energy actorness is the initial focus of analysis in this section. The analysis of EU energy actorness corresponds to the chosen theoretical framework of this thesis, as it accounts for both material factors (like EU institutions and resources to execute energy competences) and ideational factors, including threatening images, perceptions of identities and expectations (Pomorska and Vanhoonacker, 2015: 216).

There is very little consensus among scholars of the IR school and in the area of EU studies about how to view EU identity in general. Therefore, theoretical conceptualisation of EU actorness starts with a broader IR state-centric debate that proves to be less valuable in analysing EU actorness in the energy domain specifically than does the perspective of EU studies on actorness, which is more nuanced and encompassing. The aim is to explore the complexity and incoherence of the EU's contested nature in the process of building its internal and external energy image and explain the divergence of energy threat perceptions inside the EU, based on the framework of Jupille and Caporaso (1998). This will allow conclusions to be made as to why common European energy policy with respect to Russia is ineffective and justify the methodological choice of the research to continue the energy analysis on the level of the EU MSs.

2.2.2.1 EU's Identity in IR and EU Studies

A wide array of the IR literature is concentrated around the EU having a state-like qualities and capabilities to act, based on external perceptions of the EU as an actor (Larsen, 2014). The analysis normally includes the debate about its *realist hard-power* nature as a political entity with a certain degree of state-like properties and ability to deploy military coercive force in pursuit of national interests and European security (Sjostedt, 1977; Wright, 2011) and the EU as a *civilian non-military soft-power* that possesses economic, cultural and diplomatic influence to pursue its policy goals (Duchene, 1973; Zielonka, 1998; Smith, 2000; Orbie, 2006; Sjursen, 2006; 2007; Niemann and Bretherthon, 2013)[12]. The IR scholarship discusses the EU's material

[12] The line between the two is often fain and fuzzy (like with armed peacekeeping forces).

and non-material capabilities in the process of achieving its foreign policy ends (Wright, 2011) within the spectrum between military and civilian power (Smith, 2005; Goldthau and Sitter, 2015b).

Thus the IR debates are normally concerned about whether the EU should be regarded as a military power, a civilian power or a combination of both (Hill, 1993; Smith, 2000; Wright, 2011). A plethora of empirical examples on EU's Common Foreign and Security Policy and Common Security and Defence Policy and EU's involvement in a variety of regional conflicts in Kosovo, Georgia, Ukraine and others (Greicevci, 2011; Freire and Simao, 2013; Goldthau and Sitter, 2015b) demonstrate EU's relatively weak unitary state-identity and hard-power capabilities, undermined by the EU MSs. According to Goldthau and Sitter (2015b: 944) 'the EU can deploy hard power only if all states agree (or agree to not block this), and a few of the big states in effect the UK or France will provide the necessary hardware'. Goldthau and Sitter (2015b) question the sufficiency of the military approach to scrutinise EU global actorness (as according to Hill (1993) military capabilities remain the centre of the realist approach). Hitherto, it is regarded that EU's state identity and coercive capabilities would be rather restricted in a range of international domains, mainly common police and armed forces, and centralised military decision-making.

The IR school traditionally considers EU's actorness in state-centric terms, possessing the ability to perform 'actively and deliberately in relation to other actors in the international system' (Sjostedt, 1977: 16). If this research chose to take the analysis of the structure of the EU down this nation-state route with 'a clear inside and outside' set of interests to be promoted and defended (Morozov, 2008: 45, 58), it would have meant that the EU's state-sovereignty could have bean equally comparable and identity can be reproduced in relation to other state-actors (like the USA, Russia, India, China, etc.). However, the process of shaping EU's actor capacity is complicated, because the Union consists of many independent sovereign 'selves' – EU member states – that on the national level already associate themselves with other state-actors. The EU in this case cannot be treated as an equally comparable state-actor with which Russia can build effective bilateral energy relations due to the limitations of the EU actorness (Hill, 1993). Thus, by denying any form of collective interests and promoting a vary singular personality of a unitary and autonomous state (Walts, 1979), realism views EU as 'inherently weak as an international actor (if indeed it is one at all), capable at best of only limited or qualified autonomous action, and then only at the behest of the Member States, particularly the most powerful, who retain ultimate control' (Wright, 2011: 11; Anderesn et.al., 2016: 51-52).

Outside military coercive capabilities, as a civilian power the EU's political state identity seems more successful. Its power is executed through a well-developed mechanism of conditionality during the enlargement process of the candidate countries and further integration of its EU MSs. As Goldthau and Sitter claim that because of the EU's:

> focus on markets and, as a corollary, as a result of its (limited) policy toolbox the EU is typically boxed into the category of an actor that almost exclusively exerts 'soft power' (Goldthau and Sitter, 2015b: 944).

While being a relatively successful actor in the areas of markets integration, trade, humanitarian aid, environmental policies, agriculture, human rights and diplomacy (Pomorska and Vanhoonacker, 2015), the EU still has relatively restricted international potential in dealing with third countries as a civilian power in the field of energy security. For instance, the EU has little supranational energy competence to unanimously represent all members' approaches to energy policy on the international level (Keukeleire and MacNaughtan, 2008: 245). According to the Lisbon Treaty of 2009 (Article 194), the key energy decision-making and external energy policies still predominantly belong to the competences of the individual EU MSs, in the shared zone of competences between the EU and its MSs (see Chapter 5.3.2. for more details). Thus according to Goldthau and Sitter (2015b: 961) 'the EU's power is often more effective with respect to companies than governments' of producer states.

With the development of constructivist IR and its cross-cutting debate with the EU studies, the latter mostly treat the EU as *a normative power* that utilises practices, ideas and spreads universal values in the process of the EU integration, enlargement and development (Manners, 2002; Mayer, 2006; Sjursen, 2006; Larsen, 2014). While the discussion about normative power 'runs parallel to the literature about the older idea of the EU as a civilian power' (Larsen, 2014:897; Sjursen, 2006), it provides a slightly different focus of soft-power influence through ideational factors rather than material economic capabilities. If the first two approaches analyse the EU as a global actor through material interests and military and non-military capabilities (which is not the ultimate focus of this research), normative power has more of a constructivist angle to it, suggesting that what the EU is, is as important as what it does (Manners, 2002: 252; Wright, 2011: 8). However, the above reference to EU actorness within the normative power theory perspective simply illustrates a constructivist angle to studying EU identity. While adhering to normative elements[13] rather than ideational accounts of interests and identities, normative power theory presents just an example of another

[13] Including democracy, the rule of law, peace, liberty, human rights, social solidarity, anti-discrimination, sustainable development and good governance (Manners, 2002: 242-243).

possibility to explore EU actorness in ideational terms. Consequently, it will not be in the focus of this thesis as such.

Instead, the constructivist approach to the EU actorness based mainly on its identity should be given a more specific explanation, which happens to lie in the context of the EU studies. The EU foreign policy approach, EU integration literature and most of the constructivist approaches to studying the EU almost univocally and 'unquestioningly' treat the EU as a *sui generis* phenomenon 'of its own kind', with a hybrid identity that needs special treatment, rather than a nation-state or an international organisation (Rhodes, 1998; Hill, 1993; Niemann and Bretherthon, 2013). Bretherton and Vogler (2006: 44) justified the limited insights from comparing the EU with other global actors specifically due to its *sui generis* nature as 'a multi-perspectival polity whose construction reflects both the experimentation of policy entrepreneurs and the opportunities afforded by the changing structures of the international system'. Jupille and Caporaso (1998: 214) presented the most accommodating definition of the EU actorness as 'an evolving entity, composed of numerous issue areas and policy networks, neither a full-blown polity nor a system of sovereign states, which displays varying degrees of "actorhood'' across issues and time'. Based on their understanding, the next section provides a more nuanced constructivist conceptualisation of EU's actorness in energy domain.

2.2.2.2. Conceptualisation of the EU Energy Actorness

Deriving from the above, this section continues to analyse the EU's aggregate preferences and opportunities to act collectively in terms of propensity for having the qualities of a coherent energy actor with shared domestic energy approach and unified capacity of framing external energy policies (where individual energy trepidations of MSs are mitigated and shared by all the stake-holders inter-subjectively). The importance for actors of having an inter-subjectively shared interests and collective[14] identity was mentioned by many scholars (Adler, 1997; Christiansen et.al.,1999: 528; Wendt, 1992; 1999; Rousseau, 2006; 2007). Alexander Wendt claims that it can reduce the anticipation of conflict (Wendt, 1999), as the deeper the nature of conflict in the inter-state relations, the more actors will defend their interest and identities. Hopf (2002) attributes the existence of collectively shared identities to reduction of the security dilemma and ensuring 'at least some minimal level of predictability and order' (Hopf, 1998: 174). Rousseau claims that shared identity reduces threat perception and

[14] Since this thesis will look at the EU identity in terms of energy actorness, it does not encounter the debates on the problem of collective action, identity formation and the 'in-group' and 'out-group' relationships (like the distinctions between egoistic and collective identities and the process of EU's formation as a collective 'self'), explored by Wendt 1992; Zehfuss 2001.

'decreases the belief that the other has the intention to inflict negative consequences', which simultaneously 'increases the probability of support for interstate cooperation' (Rousseau, 2007: 750, 766).

Some authors argue that political relations in the EU trigger alterations in security identities and, consequently, in interests (Aggestam, 2004; Sjursen, 2007). Such a perspective fits with the constructivist philosophy of the mutability of identities (Dessler, 1999: 123-137). This would mean that through active economic and political integration of EU energy markets, EU MSs should converge into one integrated gas market space and facilitate collectively shared energy actorness (at least on the internal level). In this way the role of the EU as a coherent collective energy actor with a shared sense of identity would emerge.

Hence, hitherto the formation of the EU's singular collective energy actorness is very much underdeveloped and remains in transition. The initial theoretical overview of the EU's *sui generis* identity as a unitary energy actor determines that the EU struggles to have 'a degree of autonomy from its external environment and…its internal constituents…that is capable of formulating purposes and making decisions' (Bretherton and Vogler, 2006: 16-17). As Chapter 5, Section 5.3.2. will empirically demonstrate, the individual EU MSs still dominate the direction of EU energy politics and disunity undermines the EU's consolidated actorness (Howorth, 2010; Wright, 2011; Anderesn et.al., 2016). Therefore, the EU shared identity of an energy actor (Bretherton and Vogler, 2006; Rhodes, 1998; Jupille and Caporaso, 1998) represents the conceptual level of analysis and provides understanding of the novel stand towards threats and energy security issues inside the EU (which will be complemented with empirical analysis of the cases of Poland and Germany in Chapters 6 and 7, exposing political variation around energy security processes among the EU MSs).

A large and growing body of literature has investigated the EU's international position and has produced a variety of conceptual approaches for accessing the EU's actorness. Mainly, several attempts have been made to explore EU's international role in almost all possible areas such as trade, humanitarian, civilian, environmental, military, foreign and security policy, common security and defence policy and monetary relations (Bretherton and Vogler, 2006; Rhodes, 1998; Orbie, 2008; Rosamond, 2005; Kratochvil et al., 2011; Gehring et al., 2013). For example, Bretherton and Vogler (Bretherton and Vogler, 2006: 5, 24-35) operationalised EU's constructed actorness through the analytical categories of opportunity (that includes external factors enabling or constraining actorness), presence (that describes relationships between internal development and external expectations) and capability (that is characterised by

capabilities to effectively respond to external expectations and opportunities). Rhodes (1998) analysed the EU through opportunities to influence abroad, capacity to act, legitimacy and responsibility and perceptions of other actors about the EU. Both literature pieces by Rhodes (1998) and Bretherton and Vogler (2006) considered the EU's shared commitment to a set of overarching values; the ability to identify priorities and formulate policies consistently, as well as the ability and capacity to utilise policy instruments like diplomacy, economics and military force. Jupille and Caporaso (1998: 214-219) presented four criteria for assessing EU's actorness: *recognition* as 'acceptance of and interaction with the entity by the other'; *authority* as 'legal competence to act'; *autonomy* as 'institutional distinctiveness and independence from other actors'; and *cohesion*[15] to 'formulate and articulate internally consistent policy preferences' and goals. Jupille and Caporaso's conceptual approach to actorness will form the basis for the analysis of the EU's energy identity for a variety of reasons presented below.

The analysis of the most prominent theoretical debates on EU actorness concluded that the majority of definitions of EU actorness are similar or overlapping as 'authors of this debate refer to the same termini without explicitly referring to each other's writings in order to clarify differences in usage' (Peters, 2016: 15). However, Jupille and Caporaso (1998: 213-214) proposed a rather broad but valuable conceptualisation of the EU as a collective actor based on the convergence of interests in a perpetual state of transformation. Their interpretation of actorness entails an assessment of the changing relations during the development processes in the system, in the EU as a polity and the EU as 'an evolving entity displaying varying degrees of 'actorhood' across issues and time' (Peters, 2016: 19; Groel and Niemann, 2013). This corresponds to the constructivist tenets for analysing threat perceptions through interests and identities that are changing in the process of states' interactions under the changing structure.

While the majority of actorness analysts consider it an important requirement of an actor to have 'ability to formulate and implement external policy' (Bretherton and Vogler, 2006: 218; Hill, 1993), Jupille and Caporaso (1998) mention the lack of clear criteria for determining the status of the EU as a coherent domestic actor (Groel and Niemann, 2013: 3; Niemann and Bretherthon, 2013: 6). In this instance, Jupille and Caporaso's approach accounts for the domestic outlook of the EU actorness more profoundly. It focuses on the first pillar of the treaty of the EU based on community integration policies (that among others include single market, competition law and other

[15] Cohesion and coherence in this context mean the same and will be used interchangeably.

internal areas) rather than simply looking at the EU as a foreign policy actor in the international system (second pillar effectively). This, in turn, will allow understanding differences in national driven energy policies of the EU MSs and a variety of threat perceptions in a more consistent way, originating from EU energy policies and internal market liberalisation processes.

Unlike recent developments of extensive empirical research of the EU collective identity being translated in foreign policy areas (Howorth, 2010; Greicevci, 2011; Freire and Simao, 2013; Goldthau and Sitter, 2015a; 2015b; Peters, 2016; Hebel and Lenz, 2016), the analysis of the EU energy actorness on a domestic level or external energy relations with third countries is limited to a very few scholars. For instance, Belyi (2008: 208-211) and Goldthau and Sitter (2012), Goldthau and Sitter (2015a) looked at the EU through the prism of energy governance and the EU's ability to export its liberal economy acquis, regulatory norms and market rules to other countries, while Youngs (2009:15) tried to employ a more encompassing approach to EU energy actorness, linking energy, market and governance with Common Foreign and Security Policy (CFSP) debates. Even from the initial overview of the EU empirical literature about the essence of the European energy policies it is possible to trace signs of disunity in energy decision-making among different EU member states and poor distribution of energy competences on the EU institutional level (Wright, 2011; Anderesn et.al., 2016). Howorth (2010: 457-460) and Kirchner and Berk (2010) argue that the EU is constrained by tensions between the EU level and its MSs.

Although the four criteria are interconnected, the approach of Jupille and Caporaso has utility, not least because it is clearly structured and the specified criteria are 'operationalisable' for empirical research. Nevertheless, the above empirical literature fails to apply the highlighted analytical actorness categories of Jupille and Caporaso (1998) systematically (if at all) to analyse and explain the EU's energy actorness in the process of integration of the internal energy market and a collective energy approach in dealing with Russia. Neither does the empirical literature clearly point out that the success of the EU energy actorness can vary depending on the areas of its involvement in the explored areas (like towards Russia) and energy security-related subjects. That is why this thesis aims to rectify the lack of empirical research about the EU's energy capacity to act by operationalising the EU's energy actorness through Jupille and Caporaso's approach based on the empirical scrutiny in Chapter 5 (Sections 5.1. and 5.3.2.).

While the terminological references for studying the EU actorness vary, most of the definitions point to the importance of the coherence in EU actorness as the key

requirement for united energy action. Cohesion is understood as the existing similarity and internally consistent policy preferences, compatibility of energy policy goals, rules and procedures in the internal and external dimensions of energy that were negotiated and agreed on (Jupille and Caporaso, 1998: 219-220). As confirmed by Niemann and Bretherthon (2013: 266), Jupille and Caporaso's criteria of recognition, authority, autonomy and cohesion 'are not absolute, suggesting that actorness is a matter of degree' (Jupille and Caporaso 1998: 214; Niemann and Bretherthon 2013: 6; Groel and Niemann 2013: 3). Jupille and Caporaso (1998) divide cohesion into several dimensions. The minimum required level of cohesion is based on a similarity of basic goals ('value cohesion'). However, if the goals are different but can be compatible through a variety of methods like 'linkages and side payments', it becomes a 'tactical cohesion' (Jupille and Caporaso, 1998: 219). Through institutionalisation, legal authority to act and consensus about how to deal with the conflicting situations the EU can reach 'procedural cohesion', and by articulation of common policies and pursue of collective actions successfully 'the output cohesion' is gained *(ibid.:* 219).

The categorisation above represents various degrees of cohesion of the EU actorness that allows analysis of the EU's internal and external energy identity within the 'strong-weak spectrum' of the EU collective energy actorness. For instance, the EU can have less monolithic actorness in its external approach to other countries like Russia (due to shared competences with the EU MSs) and have more coherent interests in building its domestic energy market within the advantages of commonly shared EU internal energy market (as noted by Goldthau and Sitter, 2015a; Andersen et.al., 2016: 52 through the example of the developing EU Commission's institutional regulatory competence and energy authority). The variations within the cohesion of the EU actorness can exist not only between the external and internal dimensions of the EU energy policies, but also within them. As Chapter 5, (Section 5.1.) will demonstrate, the external EU energy actorness can be regarded as more cohesive in the area of international multilateral energy initiatives like the Energy Charter Treaty negotiations, than in advancing the PCA in relation to Russia. Internally, in the process of building the integrated energy market the EU Commission occupies a stronger centralised position to commit the EU MSs to promote a united approach to energy diversification policies (like the 2011 mandate from the EU Council to the EU Commission to negotiate the Trans-Caspian Pipeline) than it does in implementing certain energy regulations in the internal gas market (like the unbundling principle within Third EU energy package).

However, despite the possibility to study the degree of EU's energy actorness through Jupille and Caporaso's framework and recognising that the weak and strong aspects of the EU actorness exist, it is sufficient for the research just to empirically identify that

there is an incoherence in the EU energy actorness as a factor that undermines the relations with Russia. The depth of the organising logic of the EU energy competences and the extent of the cohesion within the weak and strong spectrum of energy actorness will not uniquely provide direct answers to the key research question and explain how the interests and identities of the individual EU MSs trigger different energy threats and perception-based policies[16]. The thesis does not aim to fill in the theoretical gap in measuring the exact degree of EU energy actorness spectrum within different energy initiatives, nor does the research aim to provide a detailed in-depth view of the domestic and international EU energy competences and test the capacity to act of the EU institutions. The identification of a particular degree of coherence of EU's energy actorness will not uniquely determine why some EU MSs feel more threatened than the others, as other factors should be encountered. Instead, any signs of found incoherence in the EU's external and internal energy actorness through the prism of Jupille and Caporaso (1998) framework will serve an explanatory example to signify the existence of fragmentation in the EU's perception-based energy policies and will explain possible variations in the consequences of the EU's incapacity to act as a collective energy actor and reproduce its identity in relation to 'the other'. The lack of cohesion in energy security policies allows this thesis to explore energy relations with Russia on the level of the EU MSs.

A few authors attempted to establish relations between the level of coherence and effectiveness of actors' actorness (Bretherton and Vogler, 2006; Thomas, 2012; Niemann and Bretherthon, 2013; Groel and Niemann, 2013; Delreux, 2014). They claimed that the EU can have limited coherence but still be an effectively functioning actor, underlying the variability in degrees of cohesion and effectiveness, because 'internal cohesiveness is not a sufficient condition for external effectiveness to occur' (da Conceiccao-Heldt, 2014: 991; Delreux, 2014). 'Even when the preferences of the member states are heterogeneous, this is not necessarily a hurdle for the EU to be able to speak with a single voice', as Delreux (2014: 1025) mentioned. However, while the ability of coherence to be translated into effectiveness might be the case in the EU environment policies[17] (Groel and Niemann, 2013; Delreux, 2014: 1026), it is not the case in the controversial EU energy domain that is often driven by sovereign interests of states and national security. The EU energy policy can be successful only by being

[16] The in-depth analysis of the strong and weak spectrum of the EU energy competences can be regarded as an area for future research.

[17] For instance, Delreux (2014: 1026) demonstrated on the example of the environment negotiations on the Kyoto Protocol and other environmental protocols that EU MSs were able to agree 'that quantitative targets for emissions reductions had to be included in the Protocol, but they disagreed on how strong these targets should be'.

united; otherwise the problem of EU energy security would not have been so acute on the EU agenda in the 2000s.

As noted in the beginning of this section, internal coherence of the EU collective energy actorness is imperative for the EU to exert its influence abroad and pursue a successful energy security policy (Adler, 1997; Christiansen et. al., 1999; Roussau, 2006; Brotherten and Vogler, 2006). Energy is the area with the most controversial interests, where states are most likely to execute certain actions that will undermine EU's effectiveness to act. So far, the relationships between the cohesion of the EU energy actorness and its effectiveness have not been empirically tested and lack substantial analysis in the literature, being poorly defined. In the constructivist terms of this thesis, it is the general coherence of the EU energy actorness based on shared interests and identity, which is significant for the analysis of the impasse in the EU-Russia energy relations.

Therefore, in order not to further complicate this thesis, it will be held that the coherence of EU actorness and its effectiveness is directly proportionate to the level of EU energy security policy coherence and is undermined by the same set of factors. For instance, both cohesion and effectiveness in the energy domain are enabled or constrained by a range of external factors (such as the bargaining power or the impact of other important actors such as the US with rather different positions adversely impact on EU effectiveness in relations to Russia) and internal factors, like high degree of politicisation inside the EU that constrained the European Union's ability to negotiate effectively (Groel and Niemann, 2013: 1).

2.3. Copenhagen School of Security Studies: Beyond the Constructivist Boundaries

Wendt's constructivism created a trend for further study of the security processes, developed within the Copenhagen School of Security Studies [18]. The main representative of the Copenhagen School is Barry Buzan, who originates from the English School of IR and adds his constructivist ideas to the discussion of securitisation with his Danish colleagues (Ole Waever and Jaap De Wilde). During the last decade, the importance of the Copenhagen School of Security Studies in understanding of security has been increasing due to its references to the combination of realism and constructivism.

[18] See Buzan (1991; 1998), Wilde (1998) and Waever (2003).

For instance, the realist dimension of the Copenhagen School (Buzan et al., 1998; Buzan and Waever, 2003: 44-46), would look at inter-state relations through centrality of material factors, geographical proximity of countries and power as the basis for inter-state securitisation processes. It would encourage treatment of energy security issues in terms of the social capacity of actors to present energy supply as an existential threat, rather than nuanced and politicised understanding that a constructivist account allows. In addition, if the Copenhagen School was chosen as a key prism for analysis of EU-Russia energy interactions, it would produce different theoretical and conceptual benefits by addressing EU-Russia energy interdependent relations, threat perceptions of 'friend and foe', and the identities differently. Ontologically, the analysis would stem from territorial energy clusters (known as Regional Security Complexes) with threats travelling more easily over short distances. Thus through utilising Regional Security Complex Theory, the followers of the Copenhagen School like Kirchner and Berk (2010) were able to uncover the extent to which Russia and the EU are involved in conflicting or co-operating patterns of energy relations and how the EU Regional Security Complex transforms from fragmentation to feasible integration. Whilst this way of exploring energy security relations seems valid for studying mainly state-centric relationships and exploring close links between the members of the same complex with common securitisation/de-securitisation processes, it would be limited for the purposes of this research. It would leave little room for analysing the input of other non-state actors in threat creations (such as energy industries) and would be unlikely to reveal the constructivist substance of threat creation based on interests and identities, making no distinction between the effects of the domestic and external structural factors. The above confirms the weakness of the Copenhagen School realism-based approach in the analysis of threat perceptions (summarised limitations and conceptual gaps of the Copenhagen School are presented at the end of this section).

However, while still partially adhering to the realist tradition of thought by denoting the threats to survival and a state-centred approach, the followers of the Copenhagen School of Security Studies adopt a largely constructivist perspective in presenting security and threats as referential practices (Buzan et al., 1998: vii; Buzan and Waever, 2003: 4, 40-44; Buzan, 1991: 115). The conceptual importance of Barry Buzan's works for this research lies in contributing to understanding the wider notion of security and security's self-referential nature.

The first value of the Copenhagen School of Security Studies is that it managed to transcend the constructed nature of security threats and *broaden*[19] security studies into

[19] There exists another group of scholars which stands for *deepening* security studies to the level of individual (for instance, the Welsh School of Critical Security Studies mainly represented

sectors other than the military, illustrating that security threats can be observed in other non-exclusive sectors such as political, societal, economic and environmental (Krause and Williams, 1996; Buzan, 1991; Waever, 1995; Buzan et.al., 1998: 73; Buzan and Waever, 2003). The rationale behind the security sectors is to demonstrate that if security relates to an existential threat to survival, then 'what constitutes an existential threat is not the same across different sectors' (Buzan *et al*., 1998: 27).

The same understanding of differentiating the constitution of threats is valid for energy domain that directly or indirectly cuts across all other sectors. Despite distinguishing four types of security, the Copenhagen School does not differentiate energy into a separate group. Instead, it locates energy threats within the economic cluster of threats as a security of supplies, with political underpinnings:

> The possibility that economic dependencies within the global market (particularly oil) will be exploited for political ends or, more broadly, questions of the security of the supply, when states abandoned the inefficient security of self-reliance for the efficient insecurity of dependence on outside sources of supply (Buzan *et al.*, 1998: 98).

Therefore, the above economic understanding of what constitutes a threat of energy dependence will differ, for example, from the environmental energy threat of climate change. The economic context of energy security threats is clearly relevant to the EU-Russia relations, which are energy interdependent and bonded by export-import economic relationships. While the progress towards the EU's common energy policy and the integrated energy market has been slow, there is a clear necessity for long-term investment and security of supply systems (Buzan *et al.*, 1998: 104). Given the EU's role as a free market area committed to the pursuit of economic growth, and being heavily dependent on arguably unstable deliveries of gas from Russia, energy security undeniably becomes an utmost part of economic security for the EU.

Since energy security is incorporated into several sectors should in theory indicate that energy-related threats do not have distinctive characteristic features. Energy threats do not meet 'strictly defined criteria' to be categorised as existential threats either, which 'distinguish them from the normal run of the merely political' (Buzan et al., 1998: 5; Waever, 1995: 54). The fact that security of supply does not represent a direct threat to survival makes application of energy security notion within this school indistinct. That is

---

by Booth, 2005 and others). Since the research does not explore the provision of human security with the individual and the society as referent objects, security will be mainly located at the level of state (with a few references to the state's impact on energy companies).

why energy security cannot be adequately studied by the Copenhagen School and needs a more nuanced understanding within the constructivist theory.

The second advantage of the Copenhagen School for constructivism is its definition of 'security' and the interpretation of securitisation and politicisation processes. Thus 'security' is understood as:

> a self-referential practice, because it is in this practice that the issue becomes a security issue – not necessarily because a real existential threat exists but because the issue is presented as such a threat (Buzan et al., 1998: 24).

Attaching a certain value and meaning to security is vital as actors act and shape relations with others on the basis of what security means to them. A security threat does not have to be objective, but states may designate it as a security issue and accept the threat as being real. Such self-referential features of security possess substantial explanatory strength, since they allow the making of inferences from a variety of posited energy security threats and European perceptions.

The procedure and the mechanism through which actors reach the status of a security threat is securitisation, that in constructivist terms, represents a 'discursive practice' in itself (Buzan and Waever, 2009). Barry Buzan argues that successful *'securitisation'* should consist of three main steps: 1) identification of an existential threat (a securitising move – convincing the audience about the intention to tackle a problem and the necessity to act urgently); 2) emergency measures and effects on inter-unit relations by breaking free of rules; 3) attaching to a security issue an emergency priority, the issue is taken out of the domain of normal politics and the emergency actions are applied (Buzan *et al*., 1998: 25-26; Waever, 1995).

The Copenhagen School articulates the importance of security as a political tool of attracting the attention of the population and delivering a message to the people (Buzan, 1991). Buzan et.al. (1998) conceptualise a *'speech act'* as the way to articulate security, which involves language through which the security message is delivered. A target group or society subsequently recognises and authorises this speech act and believes that urgent measures required. Thus, 'the subjective definition is not sufficient unless the understanding is inter-subjective' and accepted by the audience (Rousseau, 2006: 41). The acceptance of the speech act, in turn, provides the possibility and legitimisation for an actor to undertake particular policies and at times extraordinary measures, to ensure the protection of the object. Waver described the process as 'by uttering 'security' a state-representative moves a particular development into a specific

area, and thereby claims a special right to use whatever means are necessary to block it' (Waever, 1995: 55). Through the speech act, the Copenhagen School demonstrate that an issue can be constructed as a threat, rather than determining if the threat is real or imaginary. According to Waever (1995) securitisation has negative implications as the threat situation cannot be dealt with within 'normal' politics but has to be treated in the realm of 'emergency politics' or so-called 'panic politics' (Buzan et al., 1998: 34).

Securitisation has much more serious connotations than *'politicisation'*, as the latter presents the matter for political debate and 'a part of public policy, requiring government decision and resource allocation' (Buzan et al., 1998: 23). Politicisation lies within the realm of normal politics, when the negotiations about the issue is open to public discussion and political debate, a matter of choice, something that is yet to be decided upon and that therefore entails responsibility, in contrast to issues that either could not be different (laws of nature) or should not be put under political control (Buzan et al., 1998: 29). Even though there is a distinction between the two terms, in practice distinguishing between them becomes more complicated. Simultaneously to having benefits for better constructivist understanding of energy security, the Copenhagen School also has weaknesses, as presented below.

Whilst Copenhagen School followers seem to address some of fundamental security questions (like how to securitise or what successful conditions for securitisation should be) and grasp the constructivist definition of security, the school leaves some unanswered questions and has its limitations, to be explained in this section. There are still a few conceptual gaps in its securitisation analytical approach, specifically about the role of the audience and its relationship with the securitising actor, the choice of the issue for securitisation, the reasons and consequences of securitisation, and who is entitled to securitise (McDonald, 2008; Floyd, 2010; Balzacq, 2005; 2011). Some of the limitations prevent a comprehensive analysis of conditions underpinning the energy security concerns of the EU MSs as the securitising actors that should be more 'context-dependent, power-laden and audience-centred' (Balzacq, 2005: 171).

Firstly, for an actor to make references to energy security practices or securitisation processes, there should exist the perception of a threatening action from another state. According to the Copenhagen School, security issues should essentially represent an existential threat to state's survival. However, in the current political environment a threat to survival and well-being is not inevitable in order to present something as a threat. The increasing variety and multi-dimensionality of energy related threats rather than simply the threat to survival and national security, mean that they serve a plausible ground for presenting themselves as a security issue without being

exceptionally existential (Stritzel, 2007; Booth, 2005). Looking beyond Buzan's existential threats, it would seem that inter-state relations have moved to a different level, incorporating immaterial and more intricate grounds for insecurities than simply physicality of material supplies (Dyer and Trombetta, 2013). The amount of other important factors contributing to the feeling of insecurity is much larger and less obvious, which can include gas price disagreements between European energy companies and Gazprom, difficult contract negotiating processes, high level of import dependence on one source and the supplier of energy, mode of previous energy interplays, attitudes towards the identity of other actors and others. This makes the Copenhagen School definition of security issues too narrow for the analysis of European energy security.

Secondly, the Copenhagen School aimed to theoretically distinguish between politicisation and securitisation (Buzan et al., 1998: 23-24), hence in practical terms it is loose. Even if securitisation takes place, it is unclear how many incidents should happen before an issue can be regarded as a security issue. For something, in this case Russian energy supplies, to be presented as a threat, there should be a sufficient amount (in terms of quality and quantity) of plausible reasons or incidents related to the energy supplies from Russia. Larsson (2008: 262) encountered over 40 intangible energy supply threats and physical supply disruptions to the Baltic States and the ex-Soviet Union countries from 1991 to 2008. The numerical list of energy disruptions from Gazprom can be expanded even more when accounting for years after 2008, adding up the gas interruptions to Ukraine in 2009, threat to cut the gas flow to Belarus in 2010 and 2012, and supply interruptions to Poland and Italy in 2012. These are the most evident and calculable disruption incidents, when the actual amount of dedicated fuel was physically under delivered or terminated (mostly legitimised by technical faults, weather conditions or the breaking of contract obligations on the consumer's side). Hence, it is the actor decides how much enough is enough, which makes the whole securitisation process very subjective.

In addition, it is unclear how long should the process of securitisation last (since the reactionary urgent measures tend to be immediate and time constrained) before the energy issue becomes 'public' and 'normal' again. Due to securitisation presents an issue as a supreme priority and emergency requiring urgent measures, it is reasonable to think that this emergency situation will be relatively short and after dealing with negative consequences, the application of urgent measures will be stopped. Having no sufficient analytical guidance about the time limits for the securitising move, the thesis' analysis would have needed to subjectively define how long the emergency energy situation lasts. For the last decade, the general line of the EU-Russia Energy Dialogue

and the development of gas relations stayed within the boundaries of 'normal politics'. Only rare cases, mainly the Russian gas supply crisis of 2006 and 2009, could be considered as critical situations requiring urgent immediate decisions (like the energy diversification and redirection of gas flows from one EU MS to another). As Romanova (2010) stressed that after the 2009 crisis the Union tried to diminish its dependence on Russia and placed energy security issues under the category of 'panic politics', hence it is unclear how long this condition should be imposed for. The empirical chapters will examine the European securitisation and politicisation practices in more details.

Thirdly, the attachment of the Copenhagen School to the 'speech act' theory was criticised for simplicity, over-technicality, narrowness, shallowness and its limited capacity to analyse 'real-world' dynamics (Balzacq, 2005; McDonald, 2008; Stritzel, 2007). The limit of the Copenhagen School lies in disregarding the role of the audience in the securitising move. The Copenhagen approach does not determine a persuasive or communicated way of pursuing the audience through the securitising move (including the speech act), and the audience's acceptance of this move (for that see Balzacq (2011: 9-10) and Stritzel (2007: 363)). Similarly to Balzacq's critiques, McDonald (2008) observes the construction of security beyond the Copenhagen School, arguing about the narrowness of the *form* of the speech act presented by a legitimate speaker as a form of representation (as it excludes other forms as images, etc.), *context* with the moment of intervention only and the *nature* of it in terms of the designation of threats to security. McDonald makes a pertinent distinction between 'the construction of security and the narrower concern with the discursive positioning of threats', suggesting that:

> the latter neglects the historical and social contexts in which designations of security and threat become possible, and the question of how particular voices within political communities are empowered or marginalized in *speaking* security (McDonald, 2008: 580).

Lastly, by presenting an issue as a security problem in a given speech act, security 'is done' (Waever, 1995: 55). However, according to the critics, the speech act has constrained value, if no changes in the behaviour or the performance took place (Floyd, 2010: 54). In other words, any given speech act is accompanied with a material reality with which it operates and which it changes. The triggered ultimate consequences and policy actions make security processes 'performative' (Balzacq, 2011: 1). In the EU's approach to energy security, by announcing Russia to create energy threatening environment for some of the EU MSs with no particular security policies undertaken or legislative changes introduced, the speech act has little causal impact on the EU-

Russia energy relations. Subsequently, through the constructive power of language the securitisation process could make explanatory case only if speaking security was accepted and followed by actions (Christiansen et.al., 1999: 235; Floyd, 2010).

The above criticism of the Copenhagen School illustrates its limits in analysing energy security practices and threat perceptions. Despite trying to bridge realism and constructivism, the limitations of the Copenhagen School impede its utilisation as a key theoretical foundation for the analysis of energy threat perceptions. Likewise realism, those schools serve as a platform of departure for the constructivist research.

2.4. Conclusion

This chapter identifies the theoretical underpinnings and delineates the ontological boundaries of this research. On the one hand, this thesis recognises and accepts the added-value of realism in explaining the materialist nature of countries' energy relations, mutually constitutive relations between structure and agents, security as an ultimate goal of stake-holders and its focus on actors' perception-based policy-outcomes. It also acknowledges the importance of the Copenhagen School of Security Studies in providing a broad constructivist conceptualisation of security as a self-referential practice that should be inter-subjectively shared and the existence of politicisation and securitisation of energy issues. On the other hand, the research operates within the existing gap that is provided for the constructivist ideational understanding of threats and energy security, explaining why states construct threatening images (based on changeable endogenous interests that are derived from inter-state interactions and domestic policies rather than exogenously given), how they reproduce identities and construct energy behaviour in both material and ideational aspects. Stipulating from the Copenhagen School of Security Studies, constructivism not only encourages considering a wider variety of threats and theoretically elaborates the securitisation and politicisation processes, but also provides an enhanced constructivist understanding of energy becoming a self-referential security issue *per se*. However, this thesis is not interested in the technical process of how something becomes and is accepted as an energy security threat (which the Copenhagen School focuses on in detail), but rather questions why it is happening in a certain country under particular circumstances.

Constructivist immaterial theoretical perspectives allows us to understand and explore the differences in conditions and sources of threat creation in the EU MSs through the co-constitutive function of interests and identity and the previous history of interactions. By doing that, it facilitates a more profound explanation of the problems of EU-Russia

energy relations as a result of existing threat perceptions, and accounts for the negative implications they pose for the development of common energy approach in the EU relations with Russia.

In addition to acknowledging that threat perceptions depend on interests and identities and the previous history of interactions, the current chapter problematised the nature of the EU's identity as an energy actor. The theoretical operationalisation of EU energy actorness and its implications for the perceptions of Russia were highlighted. Understanding EU energy actorness provides an analytical insight into the four criteria of Jupille and Caporaso (1998) for characterising the coherence of the EU energy actorness (which is to be empirically scrutinised in Chapter 5, Section 5.3.2.). The initially observed lack of EU cohesion in its internal and external collective energy approach and the unaccounted role of domestic factors of the EU MSs in understanding energy security threats justifies the methodological and analytical necessity to look at the energy stances of the EU MSs (case studies of Germany and Poland), rather than at the supranational EU level.

In general, through references to security, politicisation and securitisation, and interests and identities as causal factors of perceptions, this chapter laid the foundations for developing the conceptual platform for analysing the tenets of energy security, vulnerability and threats. Consequently, the next chapter will introduce those specific conceptual components for studying energy threat perceptions in the EU-Russia energy domain.

Chapter 3. Analytical Approach to Energy Security and Threats

There is little international consensus around the central conceptualisation of 'security' in the existing literature and even less so about 'energy security', as various theoretical schools bring a variety of values and understandings to the debate. During the second half of the 20th and the beginning of the 21st centuries, the concept of energy security[20] has been refined, whilst evolving, improving and altering in its substance, meaning and theoretical application.

In traditional positivist sense, the most popular academic debates about the notions of energy security and threats of the last century evolved within the school of IR. Following the logic of the previous theoretical chapter, the evident dominance of military, economic and geopolitical hard-power references to energy threats occurred within a broad IR school of realism and security studies, where energy security is 'saturated with the language of security' (Ciuta, 2010: 124). While the former would treat energy in material terms as a strategic resource, instrument of power and physical necessity for a state-actor, framing energy security in terms of being a causal source or a weapon of conflict (Yergin, 1991; Baran, 2007; Smith, 2008; Klare, 2008; Cherp and Jewell, 2011; Aalto, 2012), security studies, being represented by the Copenhagen School of Security Studies (Buzan et.al., 1998; Waever, 1995), referred to energy security as the result of the political interpretation of threats through the theory of securitisation and relationships between referent objects, target audience and existential threats. According to Ciuta:

> both approaches have fixed definitions of security; as a result, they afford only a limited understanding of the effects security and energy exercise on each other, and in particular of the fact that the domain of energy produces mutations and multiplications of the meaning of security, not just the multiplication of threats, subjects and objects of security policy (Ciuta, 2010: 125).

Initially grounded in foreign policy and hard-power connotations and security language, the nature of the energy security and threat paradigms during the last two decades has been expanding and shifting from merely existential material threats towards a more specific ideational dimension. Ultimately, energy security has become more profound than simply being a consolidated part of a country's national security as an existential threat or any other materialist threat. Consequently, framing energy security

[20] Some of the scholars reject the existence of the energy security concept as such, calling it an 'elusive' concept and 'a myth' (see Noel, P. 2008. Challenging the Myths of Energy Security. *Financial Times*. 10 January 2008.)

relationships within a specific singular theoretical perspective (like it used to be with realism in the 20th century) became too superficial and could result in a failure to capture the full essence of energy security interpretations in different contexts.

The attempts to contextualise energy issues in pure realist military terms can lead to a mis-conceptualisation of energy security as a by-product of weapons development, which overlooks the wider complexities and nuances inherent in the field. For instance, the possession of nuclear materials in particular countries, such as Pakistan or North Korea, sends a message of an existential threat for other countries. In contrast, the shortage of gas or oil in Central and Eastern Europe is perceived as a non-military and non-existential threat to political or economic welfare. Depending on the nature of actions, the type of energy resource and the referent object, the conceptual connotations and interpretations of energy security can be different. Any efforts to amalgamate energy-related threats into one conceptual realist basket are therefore likely to result in confusion and over-simplification of this concept.

The recent debates indicate that understanding of materialist interest-based dimensions of energy security and 'threats' are often complemented with a constructivist theoretical interrogation of 'threat perceptions'. Whereas a 'threat' represents a perceived practice that is empirically discoverable and reveals cases of its referent object, a 'threat perception' is an abstract analytical concept that allows investigating and identifying empirical instances of perceived threat, using the conceptual tools to guide this investigation. Underlying the socially constructed, politicised and discursive nature of the energy security and threat concepts, the constructivist account understands their meanings as defined by countries' discourses (being shaped by actors' interests and identities), which can be explored in the empirical case studies. The political construction of threat perceptions is regarded as inter-subjective fears that result in actors' perceptions-based policies, and provide explorable material conditions for those social constructs of threat perceptions.

Constructivism allows the thesis not only to go beyond the understandings of solely material energy threats to survival and economic risks associated with energy supplies, but accounts for the complexity and multi-dimensionality of energy security conceptualisation by providing substantive analytical tools for exploring the construction of energy threat perceptions in the EU-Russia domain (Chester, 2010: 40; Zeniewski et al., 2013). The ambiguities and discrepancies in understanding energy security threats among scholars, especially when applying them to the EU-Russia gas relations, justify the need for theoretically defining and analytically operationalising the

concepts of ‘energy security’ and ‘threat perceptions’ in practice through the empirical case studies.

Emphasising the constructivist standpoint regarding key concepts created by state-actors, interpretivism allows the researcher to discover how actors define and perceive energy security threats (which were constructed by them) by pursuing an empirical exercise with a flexible conceptual framework, rather than imposing external constructs on states’ perceptions. Through gathering needed evidence from the interview responses and the document analysis, it is possible to operationalise energy security and threat perceptions of Poland and Germany by disclosing meanings attached by the actors.

Therefore, this section links a constructivist theoretical approach with the particular conceptual understanding of the terms ‘energy security’ and ‘threat perceptions’. The previous theory chapter has already indicated that interests and identities are the main socially constructed determinants of states’ behaviour, on which judgments and threat perceptions rest. In this way, interests and identities have already analytically enriched understandings of threat perception phenomena by demonstrating a clear causal effect on energy threat perceptions, making the latter constructed and a matter of interpretation. To complement the comprehension of EU-Russia energy security relations and European threat perceptions this chapter needs to define additional analytical categories of energy security, energy threat and energy vulnerability. The choice of those notions stem from the understanding that ‘the dynamics […] of security arise from the interplay of the threats and vulnerabilities’ (Buzan et al., 1990: 3).

Most of the above categories are used in security studies, but remain ambiguous, poorly defined and have little analytical potential in constructivist literature. The nature of energy security and threat perceptions remains under-theorised and empirically under-explored. This chapter explains new energy security narratives about countries’ perceptions of threats and outlines specific meanings of energy security and energy threat perceptions, coherently applying those elements to European understanding of energy security. Only systematic application of the aforementioned concepts, once properly defined, to the specific case studies, can ultimately provide an insight into the source of energy problems and implications for the development of EU-Russia energy relations for the last decade. Therefore, this section confirms the centrality of threat perceptions as a prime operational concept to understand energy security, which EU-Russia relations are driven by. The evidence of threat perceptions will derive from the field work data that enriches the following empirical Chapters 5, 6 and 7.

3.1. Conceptual Definition of 'Energy Security'

Similarly to the general notion of security that has been described by Gallie (1956: 167) as an 'essentially contested concept', identification of energy security threat remains problematic due to its broadened and deepened variety of transcended meanings and origins in the last decades. Energy security remains a multi-layered, complex and dynamic concept, which provides enormous potential for multiplicity of cross-theoretical and conceptually intersecting scholarly debate. There exist a number of attempts to define 'energy security' in the literature. Sovacool (2011) for instance, encountered no fewer than 45 overlapping definitions of energy security, developing around the emergence of new energy challenges and a diversity and commonality of characteristics that energy security acquires. Fundamentally, most of the definitions of energy security are concentrated around the type of energy (security of gas, oil, nuclear, coal, etc.), time scope for energy threats (short-term, medium-term and long-term security), the securitising actor or the referent object (security of energy demand for the producer and the security of energy supply for the consumer) and the level of analysis (global, national, company's and individuals' energy security).

Despite the abundance of the existing energy discussions, there is neither widely accepted, over-dominant or integrated definition of energy security and nor the conceptual clarity of the nature of energy security so far (Haghighi, 2007; Chester, 2010; Sovacool, 2011). Ciuta (2010: 123, 127) claims that 'energy security has received remarkably little conceptual attention, despite an abundant literature in which various meanings of the term proliferate, together with a copious proxy terminology', being undermined by a variety of 'frequent terminological substitutions', 'categorical controversies' and ambiguity. Imprecise references and terminological transpositions often occur within the realist references, where energy is subsumed as oil and security is equated to geopolitics (Ciuta, 2010: 127, 131).

The absence of analysis of the relationships between energy and security and lack of consensus about providing 'precise categorical and political boundaries to delineate energy security' (Ciuta, 2010: 127) provides scope for endless debate by scholars and practitioners. Cambridge Energy Research Associates (CERA) defines energy security as an 'umbrella term' that covers many economic and political issues: security of infrastructure, supply diversity, price, investment regime, security margin and revenue, security of supply, access to new reserves, energy as a weapon and risks of terrorism and war. Those issues, linking energy, political power and economic growth, are important to the suppliers and consumers of energy resources in multiple ways (CERA, 2006: 8-9). As Aalto and Korkmaz Temel noted:

> energy security is not a narrow or sectoral policy domain as it extends from natural resources and transport to the functioning of markets, and further to institutional regulation and co-ordination, diplomacy and indeed to the associated environmental consequences...Energy security is a genuinely cross-sectoral (Aalto and Korkmaz Temel, 2014: 760).

Cherp and Jewell (2011; 2014) embarked on identifying the conceptual meaning of energy security concept from different angles. Thus, in 2011 they organised the scholarly discourses on energy security into three distinct perspectives: 'the 'sovereignty' perspective with its roots in political science; the 'robustness' perspective with its roots in natural science and engineering; and the 'resilience' perspective with its roots in economics and complex systems analysis' (Cherp and Jewell, 2011: 5-6). All three perspectives are intertwined with overlapping energy threats and security concerns, such as 'political embargoes', 'malevolent exercise of market power', 'regulatory changes', 'energy market volatility', 'failures of energy infrastructure', 'demand outgrowing supply'. In 2014 Jewell and Cherp (2014) tried to induce coherence of the concept of energy security with the content of '4As' conception - availability, affordability, acceptability and accessibility. However, they managed only to summarise 'developments from the emerging science of energy security' rather than clarifying what constitutes this complex, multi-faced and dynamic political concept, which depends on political constructs and has 'different meanings in different contexts and for different actors' (Jewell and Cherp, 2014: 420). Monaghan confirms that:

> defining energy security is […] complicated by the variety of views of what is at stake. To some it means protecting against politically induced supply disruptions or technically induced supply problems, to others it is facing the challenges of terrorism, and to yet others, it means addressing the issue of global warming by changing consumption patterns (Monaghan, 2005: 2).

According to Stern (2008) contemporary policymakers are so deeply involved in practical energy security issues and implications that they have even lost their focus on the meaning of the term. By attaching a specific meaning to the notion of energy security in political discussions and negotiations would considerably improve the efficiency in dealing with an increasing range of energy security issues.

However the aim of this interpretative-based research is neither to create an objective definition of energy security nor to conceptualise the exact relationships between energy and security. Neither the goal is to come up with a workable framework to

analyse and quantifiably measure energy security. Rather by outlining the variety of meanings, this section aims to emphasise that any attempts of conceptualise energy security in generic terms will fail, unless energy security is connected to specific actor and context. The significance of the arbitrarily chosen range of energy security definitions is limited, unless applied to a particular case study and specific circumstances (Sovacool and Brown, 2010; Ciuta, 2010: 124). By empirical application of energy security to the EU's conceptualisation in Section 3.3. will allow to discover the socially constructed nature of energy security and reveal new features, presenting the empirical underpinnings for deepening and expanding the conceptual meaning of energy security as such.

3.2. **Understanding the Basis of a 'Threat'**

Similar to the concept of security, a threat conceptualisation has been at the core of security studies and international relations, frequently used by realists, game-theorists and other positivists in relation to hard-power, political and military issues (especially during the Cold War). A very basic understanding of a threat is associated with a situation when one actor has a capacity or intention to harm or produce negative outcome for another actor. According to the Global Energy Assessment report (2012) threats include intentions to harm (that is a very popular IR perspective), uncertainty (due to the lack of full and credible information) and probability (based on tentative forecasts). Threat perceptions derive from concerns that arise about the described above (GEA, 2012).

Trying to avoid major realist geopolitical implications, some authors and policy-makers substitute the conception of 'threat' with 'risk' (Gullner, 2008; GEA, 2012), endowing it with economic and market features (Mitchell, 2009; Baumann, 2008: 6). Since energy is largely attributed to both political and the economic dimensions of security (Buzan and Waever, 2003) the research can refer to energy 'risks' while discussing perceptions over economically grounded issues (like energy market investments, profit loss, etc.), and 'threats' while referring to politically constructed perceptions of the probability of loss and occurring costs for the country. In principle, they are two sides of the same coin as both share adverse connotations and produce a negative anticipation of unfavourable outcomes for actors. The only visible difference between the two is the possibility of quantitatively calculating and measuring economic energy risks as opposed to qualitative theoretical definitions of energy threats in politics. Hence, one thing should be emphasised, that the nature of energy threat is hardly tangible and can

be assessed only based on previous experiences, practices and interactions. Therefore, taking into account that energy security is both economically and politically grounded, both notions of 'threats' and 'risks' can be used interchangeably if applied to energy security discourse.

Likewise with the conceptualisation of energy security, there is no agreed upon and overarching definition of threat or threat typology. The concept of energy security cannot list all possible threats and vulnerabilities (Jewell and Cherp, 2014: 418), including material and ideational threats. Threats may vary depending on their type, origin, level of analysis, referent object, intensity with which a threat operates and other factors (Buzan, 1991: 134; Sovacool and Brown, 2010; Cherp and Jewell, 2011). The EU studies literature on energy threat typology resembles the classification of energy security and varies from author to author, depending on a threat nature, its value and who poses it (Jewell and Cherp, 2014). The conceptual understanding of security relations between countries can include the identification of a threatening actor, the referent object, intention to harm and arguably measurable capacity to pursue harmful actions (Daase, 2007). For example, Mitchell (2009: 3) presents a multidimensional typology of energy risks: 1) geological risks, connected with the exhaustion of energy sources; 2) political concerns about the interruption of deliveries because of deliberate policies of disruptions, wars, and terrorism; 3) economic risks related to price fluctuations due to the increasing gap between demand and supply; 4) environmental risks due to accidents and CO2 emissions. Hence, the author recognises that the 'combination of risks affecting EU energy supply, their possible causes and impacts, as well as their duration and future probability is different from sector to sector' (Mitchell, 2009: 4). Baumann (2008) and Mankoff (2009) distinguish between internal and external energy security risks. External energy security risks are related to involvement of third parties and associated with import dependence on energy suppliers and transiting non-EU states, disruptions of gas flows, upstream production and cross-border transit issues. Internal energy security risks are commonly connected with domestic downstream infrastructure, uncertainties about the continuity of domestic European energy demand and local energy market instability.

The underlining features of the threat-categorisation above demonstrate that there exists a broad-spectrum of energy uncertainties, irrespective their origin and what they imply. The last few decades illustrated the transformation of the nature of the threat-paradigm, from being 'direct, intended and calculable' to becoming 'indirect, unintended and incalculable' (Daase, 2007: 4). The shift can be translated in the transition of material understandings of threat into ideational dimension of perceptions. There is little objectivity to identifying a threat as a matter of the perception of the intention to harm,

which is rather probabilistic and subjective that may be real or not. Jervis characterised perceptions as 'automatic and not under conscious control', being an ultimate aspect of decision-making process (Jervis, 1978: 10). In other words, the perception of a threat can be affected by a number of subjective features, among which are the availability of reliable information and knowledge, the historical experience of previous interactions, political and public discourses, and the divergence of cultural factors, norm and values.

Both realism and the Copenhagen School presented security politics as a linier process in merely reactionary terms, meaning that securitisation and a response to a threat takes place only once a threat has been identified and assessed (Schweller, 2004; McDonald, 2008). Most political analysis is focused on the last stage of the responsive reaction to a threat, often underrating and misinterpreting the stages of threat creation, detection and assessment. This research encounters not only perception-based energy policies as a responsive reaction of the EU and its MSs, but through constructivist premises explores threat identification and threat creation (meaning threat perceptions). According to Kitchen (2010: 133), 'the response as understood through the prism of ideas can then account for both overreaction and underreaction, as well as for the pursuit of goals unrelated to the notion of threat'. Those different approaches are related to threat assessment, when actors evaluate their vulnerability in terms of the scale and imminence of a threat. The importance of Schweller's (2004) and Kitchen's (2010) findings in this respect lies in bringing to the surface a frequent political dilemma that states can misinterpret and overestimate the extent of Russian energy threat to their energy security. Not every threat perception can be a part of an accurate and genuinely subjective process, depending on intentional or unintentional ideas of policy-makers. For example, countries might present threats as such for justifying their political goals. Jervis (1976: 382, 406) notes that when a party wants to act in a particular way, it might need to justify its behaviour by creating a threat. For instance, Russia can be presented as an external energy threat (not necessarily a real one) that triggers the justification of the EU's intentions of dealing with it collectively through the centrally introduced internal and external energy policies. However, it is for the case studies and empirical data to illustrate which energy threats trigger actor's perception-based reaction, as the subject for the securitisation is likely to be different, depending on which actor securitises what aspect of energy security. Only putting in context can explain how threats are constructed and what implications energy security threats have for the EU and its MSs relations with Russia.

In conclusion, the fact that neither universal hierarchy in the underpinnings of threat that would vary from case to case, nor clear definition of energy threat exist, allowing for a variety of threat perceptions, which in turn triggers misunderstanding about energy

security among different actors. Since this thesis focuses on the European angle of studying energy threat perceptions, the next Section 3.3. provides an understanding of EU's definition of the energy security, on which the perceptions are grounded.

3.3. Understanding of Energy Security and Threats in the EU-Russia Nexus

On the EU-Russia level of analysis the energy security should be characterised from the perspective of security of *what* (meaning a type of supplied fuel) and security for *whom* (meaning the referent object or the securitising country), as Jewell and Cherp put it (2014). Regarding the type of fuel, natural gas is the most frequently mentioned resource in the EU's energy security discourse. Section 1.2. of the Introduction chapter of this thesis, has already provided an extensive outlook of why gas is predominantly the focus of attention in this thesis. Therefore energy security can be narrowed down to gas security. From the referent object point of view, the conception of energy security should be different for the energy producer and the consumer. While the security of demand for the producer will be explored briefly in Chapter 5, this research adheres to the European definition of energy security, with the precise focus on security of gas supplies. For the EU, the general identification of security of energy supply stands as *'uninterrupted availability of energy sources at an affordable price*' (European Commission, 2006: 6; IEA, 2013b). Section 5.4.2. of this thesis will divide the above definition, accepted by the EU Commission, into two analytical parts - physical security of supply and price security. This will serve the basis and the point of reference in analysing energy threat perceptions for the EU and its MSs in relations with Russia.

In general, European energy supply concerns include a wide range of issues that contribute to perceptions of an energy supply threat. Among those are high energy import dependence, technological supply failure, transit dependence, increasing global competition for gas, energy supply incidents, political blackmail, price hikes, underinvestment, regulatory changes, terrorist attacks, export restrictions, the vulnerability of consumer's bargaining position during contract negotiations and others (Mitchell, 2009; Stern, 2002; Yafimava, 2011; Goldthau and Sitter, 2015a). Those aspects of European supply security can be classified into material security of supply that include structural questions of EU's domestic energy sector and physical energy dependence of actual gas deliveries and non-material security of supply that arise from unpredictability and perceptions of growing dependence on the external gas supplies from politically unstable suppliers. The latter is shaped by the ideational dimension of threat perceptions and has an inevitable impact on relations between the EU and

Russia. However, not all of those issues are equally important for individual EU MSs and the above definition should not be generally treated. Chapters 6 and 7 will empirically tackle variations in understanding of energy threats for Poland and Germany individually, based on the nature of their energy interests and identities.

In order to understand why threat perceptions are important in the EU-Russia energy impasse, it is essential to explain the causal impact of threat perceptions on inter-state energy relations in general. As was highlighted previously (in Chapter 1), EU MSs' threat perceptions in the EU-Russia energy domain originate from a variety of material and ideational sources, broadly including Russia's foreign energy policy approach, EU's growing reliance on gas imports and the new energy gas market regulations that are imposed on MSs, geopolitical, economic and energy circumstances of each individual EU MS, and the formation of the EU MSs' energy interests and value-based identities. A variety of those material factors and path-dependent negative experiences of previous interactions with Russia have a causal impact on countries' threat perceptions, leading to negative expectations and the anticipation of adverse outcomes, forming prejudices and stereotypes. Linking it to the constructivist's premises about the importance of the amount and the quality of previous energy interactions, provides a theoretical explanation for how threats and prejudices affect attitudes towards another country. The more negative contacts the state has had in the past, the more likely those states will have grounds for trepidations and perceived threats in the future.

The causal link exists between threats that form perceptions, prejudices and negative attitudes that undermine EU-Russia energy relations and lead to particular energy security policies. Prejudices underpin almost all the political categories, playing 'an increasingly large and legitimate role in the political, public arena' (Arendt, 2005: 151), which leads to the creation of the ideology, worldview, attitudes and negative perceptions. Since prejudices are almost 'always anchored in the past' (Arendt, 2005: 101), it makes the history of the EU MSs and Russia's energy relationships vital. Threats from the past might be projected to the future, providing grounds for subjective attitudes and inaccurate perceptions, instigating further deeper conflict. For example, the episodes of gas supply disruptions from Russia for a variety of reasons accumulate anticipations of the countries that have already suffered from those before and spill-over to other states in a form of possible negative expectations. Running ahead, the empirical examples of how and why threats are shaped is best shown in the case of Poland, where attitudes and perceptions of Russia seem to produce sensitive and prejudice-based reaction about energy security threats (which derive from both foreign policy and energy past relations). Consequently, this research demonstrates the

vicious circle of threat constructions in EU-Russia political, economic and energy relations.

3.4. Categories of Energy Sensitivity and Vulnerability

Energy security features on a state's agenda if there is an issue of insecurity and the state 'feels' vulnerable. Being connected through economic producer-consumer ties, the EU and Russia are heavily energy interdependent in the politically sensitive energy market. This section illustrates underpinnings of energy insecurity that is based on the probability of material and immaterial costs of changing relationships between mutually dependent Russia and the EU.

Energy interdependence might play a positive role for the actors involved, by uniting countries with different identities and interests, or it can have a negative role in perpetuating risks, apprehensions and mistrust. In both ways interdependence involves material and non-material 'costs, since interdependence restricts autonomy; but it is impossible to specify *a-priori* whether the benefits of a relationship will exceed the costs' (Keohane and Nye, 2001: 9). The ways in which countries view and deal with the costs of interdependence affect the mode of relationships with others. Energy interdependence between Russia and the EU has so far demonstrated a conflicting nature of interactions, creating confrontational situations for stakeholders. Specifically, the EU's problematic energy 'actorness' and the asymmetric energy import dependence of its MSs on Russian gas supplies produce an uneven distribution of benefits and costs for different EU MSs. Such uneven distribution makes the insecurity of countries to external and internal shocks vary. Energy insecurity characterised by the IEA occur due to economic energy dependence on Russian gas supplies and the 'unprecedented uncertainty' of world energy markets (IEA, 2010). Triggered by the energy policy of EU MSs and the actions of the government of Russia, regulatory changes related to market functioning and unpredictable energy policies among other factors underwrite energy uncertainties (to be explored in the following chapters).

There exist various degrees of energy insecurities that will define a country's threat perceptions towards Russia's energy stance. The energy security of EU MSs can be observed on the basis of the 'feeling' of sensitivity or vulnerability towards energy threats that are cost-related. Sensitivity is associated with a country's responsiveness and ability to adapt to changes in other states, and relative costliness of the response to these changes and available alternative solutions (Keohane and Nye, 2001: 11). Keohane and Nye (2001) relate the sensitivity-vulnerability nexus to the immediacy and

the intensity of costs. Sensitivity evolves during the 'interactions within a framework of policies, when the state suffers from negative consequences of others 'before policies are altered to try to change the situation', whereas vulnerability applies 'even after policies have been altered' (Keohane and Nye, 2001: 12-13). Vulnerability is the ability to compensate the evolved costs and to adjust to the outside change or external circumstances. That means that vulnerability is time dependent as the repercussions appear after the event has happened.

Technically, sensitivity is a lower degree of vulnerability and its logical precondition, followed by the feeling of being threatened. Different EU MSs might be sensitive to Russia's energy policies, but not inevitably feel vulnerable or threatened (as vulnerability would mean no alternative or the escape route). Therefore, since the early 2000s the EU MSs have been sensitive to a range of security issues such as world energy price fluctuations, a decrease in the world production output, an increased competition for demand and growing European import dependence on Russian gas supplies. Sensitivity seemed to trigger politicisation of the energy issue and brought the issue to political discussion in the public domain (for instance, through the framework of the EU-Russia Energy Dialogue). Having enough time for making political choices, calculate the costs of alternative decisions and being able to adjust to the routinely changing environment allowed the EU MSs to retain in the energy sensitive environment, with no major crisis-solving mechanisms being needed.

In the aftermath of several episodes of gas disruptions, the EU had to adjust its European energy policies to deal with the lack of viable alternatives to Russian supplies and cost of the disruption consequences. For instance, after 2009 gas crisis the EU introduced the EU-Russia Early Warning Mechanism that was aimed for threat evaluation and prediction. The EU also started to vigorously sponsor and build costly interconnectors between the EU MSs (which might or might not be used during possible episodes of the supply disruptions) to enhance the internal security of the EU common energy market. At the meantime, the EU MSs activated the search for different non-Russian energy routes (like Nabucco-West pipeline from Azerbaijan, Trans-Adriatic pipeline from Turkey or Trans-Caspian Gas Pipeline from Turkmenistan) and energy sources (shale gas, nuclear and renewable energy). The securitisation of energy (or panic-politics as Waever (1995) would refer to it) resulted from vulnerability and an immediate responsive reaction to the peak of energy supply crisis with Russia in 2009. Those are only several examples, providing a brief outlook of the EU policy steps as a reaction to occurred energy supply threats and prevention of the others. Since the perception of a country's energy vulnerability is actor-dependent and context-

dependent, a more profound analysis on the EU and its MSs trying to deal with energy vulnerability will be presented in further chapters.

If for Nye and Koheane (2001) the intensity of vulnerability depends on the costs of adjusting to changes, then for Buzan (1991: 112-116) vulnerability is related to the relative capabilities of states. The vulnerability of being manipulated can be eliminated if the country is more commercially stable or has some kind of counter-leverage. For instance, transiting states have a mechanism of transiting fees that can be raised in case of price hikes, or the country-consumer has an important resource and technological advancement that the supplier is in need. Such 'threat-free' mutually dependent balance might be preserved for a long time, unless crisis happens (Mascotto, 2010). Thus, the most damaging crisis of gas flow termination to Europe in 2009 was a turning point when energy supply security escalated to the highest degree, showing vulnerability of some of the EU MSs more than others and breaking the interdependence balance with Russia on the EU MSs' level.

Thus vulnerability is illustrated as being external to the actor and often the feeling relates to other actors. In the situation of interdependence, the parties can be asymmetrically dependent on each other. Larsson (2007b) highlights that if the supplier and consumer are radically different politically and economically the more vulnerable a country feels. In other words, if gas supply is the subject of manipulation and disruption due to embargoes, political decisions, wars, terrorism or other unforeseen events, and if the commodity has no other substitutive alternatives in a country-consumer (2007b: 68) then this all contributes to a feeling of vulnerability within the country-consumer. The EU-Russia imbalance of interdependence based on asymmetric relationships between the producer and the consumer and the implications of EU's energy import dependence specifically will be explored in Chapter 5, Section 5.4.1.

However, it still remains unclear from Nye and Keohane's approach whether states individually define the borderline between these two positions (making the vulnerability/sensitivity conceptions relative and subjective) or whether they do it in relation to the changes that simultaneously happen at the structural level. Crescenzi (2005: 28) points out the weakness of Nye and Keohane's distinction, claiming that without understanding the conditions that produce the adjustment costs it is difficult to identify vulnerability systematically.

In general, the definitional distinction of European energy insecurity in the sensitivity and vulnerability debate in this section served the purpose to understand how and why a country might perceive threats in the interdependent energy relationships. It

explained that the degree of the feeling of insecurity is affected by the turning points in the EU-Russia energy relations. Through demonstrating the connection between the feeling of sensitivity leading to the energy politicisation and the feeling of vulnerability leading to energy securitisation, this section is able to affirm that changes in the feelings of sensitivity to vulnerability correspond to the shift in the EU energy security debate.

Notwithstanding, the EU-Russia energy security interdependent relations are underpinned not only by the definitional distinction between the degree of sensitivity or vulnerability, but also the conceptual understanding of those terms. Nevertheless, the elaborate conceptual sensitivity/vulnerability debate offers little added value to this particular research. The reasons for this are, firstly, regardless of the degrees of costs or available alternatives, a country might be sensitive or vulnerable for many other reasons (such as experience of previous negative patterns of interactions, or deliberate presentation of itself as being vulnerable in reaching certain political goals, etc.). Secondly, the circumstances of energy vulnerability are not necessarily external, that is, caused by detrimental actions of another state. It can be internal to the actor's identity and interests (depending on the level of energy security 'at home', domestic market policies, governmental support of energy markets or other internal factors). Finally, the country will have some kind of threat perceptions in both dimensions of sensitivity and vulnerability if it feels that it is unable to control and deal with energy related difficulties and adverse energy events, regardless of the nature of origin of the costs. Since the research is not aimed to objectively calculate the costs of changing energy circumstances in interdependent relations or to economically measure the level of energy vulnerability, this thesis amalgamates various degrees of vulnerability and sensitivity feelings into general sense of insecurity. Insecurity will be empirically scrutinised in each individual case study of Poland and Germany on the basis of changing internal and external energy circumstances during 2004-2012.

3.5. Conclusion

Relying on constructivist theoretical inferences, this chapter explored the most significant analytical conceptions of energy security, threats and vulnerability, which are all essential components of the broader threat perception phenomenon.

Firstly, drawing on the diversity of approaches to study security, this chapter reached its aim to convey the lack of conceptual clarity about the notions of energy security and energy threat, explicating their intricacy, multi-dimensionality, subjectivity and

complexity. As a result of conceptual analysis, this section emphasised the necessity for contextualising energy security and 'drawing credible boundaries of the field, formulating credible research questions and developing a methodological toolkit' to study energy threats (Cherp and Jewell, 2011: 1). This was completed on the example of the EU by conceptualising the energy security in terms of the European security of gas supply that should be uninterrupted, available and at an affordable price (European Commission, 2006: 6; IEA, 2013b), which will be further empirically explored in Section 5.4.2. This narrowed perspective of threats to European security of energy supplies seem to be directly related to gas dependence on other actors that lead or can lead to negative political and economic policy outcomes for EU MSs. However, this section demonstrated the need to explore how individual EU MSs understand energy security challenges within the above European general definition. As different elements of availability, affordability and price might matter different things for various EU countries. By clarifying that only by attaching the meaning of 'security of what' and 'security for whom' this thesis can succeed in identifying new subjective and politically constructed features of energy security and opportunities to develop areas that have often been under-examined and overlooked in the conventional security literature (like the constructed basis for threat perceptions and their implications for inter-state relationships).

Secondly, recognising the interdependence between Russia and the EU, the chapter embarked on the explanation of energy vulnerability that is based on the costs of country's role in the interdependent relationships. In other words, exploring energy security and threat perceptions is hard without comprehending why the country feels vulnerable in relation to its interdependent counterpart. By acknowledging that the feeling of insecurity is situational, time-defined and agency-dependent, closely related to policy choices that states are eager to make, vulnerability should be understood through the lenses of actor's subjective perceptions. In a nutshell, even if energy security can be clearly contextualised and applied to the case studies, it does not eliminate politically constructed nature of threat perceptions that needs to be empirically studied in every individual case.

Thirdly, inter-state relationships might become conflicting and provocative, when countries are making subjectively grounded choices and implementing them in policies. According to constructivist tenets, energy security issues evolve through discursive politics and have a self-referential nature. Frequently the process of threat identification as a security issue 'is a matter of political choice rather than objective fact' (Buzan, 1991: 115). The subjectivity element is at the core of energy threat perception analysis, since the identification of threats is not impartial. The purpose of this chapter was to

demonstrate the politically constructed nature of the key conceptual elements of the analytical approach, and to show that some threats can have a real basis in essential characteristics of vulnerability, while some might be construct exaggerated, misperceived or based on prejudicial attitudes. Regardless, both kinds of threats negatively affect the relations between the countries and provoke European threat perception-based responses to Russian energy behaviour (like steps for securitisation). If interests and identity, the feeling of vulnerability and the security policies at large constitute threat perceptions, then threats have been proven to have a capacity to trigger prejudices, negative attitudes and as a result – conflicts (Roussau, 2007; Dovidio et. al., 2009).

To conclude, comprehension of energy security in the EU embodies a variety of features and interlinked explanations. The amount of controversy amongst the actors regarding how to define energy security might be related to the fact that 'energy itself is a politicised and multifaceted concept' (Sovacool, 2011: 6). Since there is no universal understanding of what energy security or threats entail, countries conceptualise those differently, making energy security and threat perceptions be a subject to interpretation. Thus the definition of energy security has constructivist connotations of being attributed to the perceptions of energy threats of each individual actor in each particular circumstance. Consequently, examining the sufficient conditions to present a gas supply as a security threat in the empirical cases of Poland and Germany will explain further how energy security can be understood, interpreted and exploited (as opposed to measured with the range of econometric indicators and indexes like many scholars choose to do, see Sovacool and Brown (2010) and Cohen et.al. (2011)).

Chapter 4. Methodology and Methods

Following from the above theoretical setting and analytical framework, the appropriate methodological underpinnings guiding the thesis are to be noted in this chapter. The previous theoretical chapter demonstrated that the thesis relies on the constructivist approach, which argues for the inter-subjective understandings of social phenomenon that creates identities and shapes actions (Wendt, 1999; Adler and Barnett, 1998; Checkel, 1998; Zehfuss, 2002). Constructivism rejects fixed relationships within the phenomena and favours the social construction of reality, unveiling the creation of intangible practices (like threat perceptions) and demonstrating how these meanings produce detectable energy policies. Together with the theoretical foundations of the EU actorness, the analytical framework presented in Chapter 3 highlighted the conceptual elements selected to understand European energy security and threat perceptions. This, in turn, affected the choice of methodological approach, but also helped to shape the focus to data collection and analysis.

Determined by specific research questions of this thesis and underlying setting of constructivist theoretical assumptions, this chapter explains the case study qualitative methodology based on the interpretativist approach that looks at constitutive and causal explanations of reality (Stake, 1995; Tellis, 1997; Neuman, 1997; Klein and Myers, 1999; Flick, 2002; Andrade, 2009). The case studies of Germany and Poland are expected to grasp the multidimensionality, 'particularity and complexity' of the European Union's construction as an energy actor (Stake, 1995) and capture the 'nature' of the perplexing EU-Russia energy phenomenon (Yin, 2009). The chosen interpretative epistemological stance accounts for the socially constructed reality on the basis of meanings that actors attach to it (Price and Reus-Smit, 1998; Yanow, 2003: 11). The constitutive and causal nature of constructivism will allow accounting for the subjectivity of the socially constructed energy threats and enable understanding of how the meanings of energy security are shaped in the EU and result in threat-based policy outcomes (Price and Reus-Smit, 1998; Andrade, 2009).

The case study method allows for the combination of various sources and techniques of data collection (Stake, 1995). In this respect, the research is informed by data collected mainly from semi-structured political elite in-depth interviews and supplemented with a range of primary and secondary documentary sources[21]. Such

[21] By primary sources, the research will understand as original and firsthand research (like interviews, EU documents, political statements, etc.), and by secondary – resource that provide 'expert compilations, analyses, and interpretations of primary information', mostly in scholarly books and articles (see Charles, C. and Mertler, C. 2002. *Introduction to Educational Research.* 4th. ed. Boston: Allyn & Bacon.)

research design is fully in line with the constructivist standpoint and the interpretative epistemology of this thesis standing for the constructed reality, relative truth and subjective perceptions. The methodology section considers the rationale, contribution and potential challenges of the selected research design with references to the constructivist theory literature. The complimentary discussion about the practical fieldwork and ethical issues, limitations during data collection and data analysis are also included.

4.1. The Case Studies Research Design

4.1.1. Why Case Studies?

Thus, a case study is 'research strategy', representing an 'empirical enquiry' allowing the researcher to contextualise knowledge and 'investigate a contemporary phenomenon in depth' preserving its holistic and meaningful characteristics, patterns and relationships, especially where the boundaries between the phenomenon and the context are unclear (Hartley, 2004, 18; Yin, 2009: 4; Pierce, 2008). The construction of real and/or imaginary energy threats in the historically contingent EU-Russia domain is an ideal environment for the case study, as the context and the phenomenon of constructing the energy threat perceptions are hardly distinguishable. Attaching the EU-Russia energy interplays to a time frame (a period from 2004 to 2012), concentrating on gas relations (rather than the entire energy mix) and more importantly narrowing the research down to particular case-countries (Germany and Poland) are set to create the essential grounds for exploring the structure, depth and context of the phenomenon.

Serving the purpose of understanding EU-Russian energy relations the research pursues an open-ended question-driven approach that allows describing the relationships between actors (Burnham et al., 2004; Yin, 2009). Using certain research questions of how and why energy threat perceptions are constructed in the EU will help to advance the case study approach:

> "How" and "why" questions are more explanatory and likely to lead to the use of case studies, histories, and experiments as the proffered research strategies. This is because such questions deal with operational links needing to be traced over time, rather than mere frequencies or incidence (Yin, 2009: 9).

Analysing the European Union as a complex entity that is involved in dealing with third countries is challenging. The reasons for that are the indefinite status of the EU, the relationships between the European MSs' level and pan-European level, the amount of actors and interests involved in shaping the EU's energy behaviour and policy-making. The case study research design with the 'how' and 'why' questions has been deliberately chosen to account for the complexity and the possibility of drawing wider implications of the research (Ragin, 1989: viii; Stake, 1995; Andrade, 2009: 42).

Having explained the appropriateness and value of the case study design for this thesis, this section proceeds with the constructivist epistemological foundations of the methodological case study approach. Broadly, case studies fall into two similar categories mirroring positivist and post-positivist constructivism, which were previously elaborated in Section 2.2. (Risse, 2004; Checkel, 2006). In methodological terms, positivism-based case studies are widely advocated by Yin (2009), who based it on the use of hypothesis and propositions that aim to test and validate a theory or relationships. Interpretative case studies treat reality as socially constructed and thus cannot be quantifiably measured or tested.

Some authors such as Stake (1995: 60) amalgamate qualitative and interpretative data, using them interchangeably. However, qualitative research represents broad and encompassing method of gathering information from a variety of data sources (like interviews, surveys, focus groups, etc.), which are not necessarily all needed for the interpretative type of research (Walsham, 2006: 323). Klein and Myers (1999: 69) reject the equity and interchangeability of the qualitative and interpretative researches. In this thesis an interpretative approach will be regarded as a narrowed subtype of qualitative research that has specific features. Thus an interpretative approach does not have the proposed answer or hypothesis from the beginning of the research, but produce findings alongside with the investigation (Walsham, 2006; Finnemore and Sikkink, 2001: 404; Neuman, 1997). In addition to providing the description of the phenomenon, the interpretative case study approach argues for the researcher's important and active part in the interpretations of the constructed reality (hence with relatively constrained intervention in researcher's positioning in the studied phenomenon).

Therefore, without repeating what has been already said in Section 2.2. regarding constructivist ontology and epistemology, the research adheres to interpretative case studies with the combination of causal and constitutive explanation for actors' behaviour. It aims to uncover the attached meanings and definitions of the constructed energy security practices and understand the perspectives of the participants in the case-countries about the EU-Russia energy threat phenomenon (Price and Reus-Smit,

1998). The goal of the interpretative methodology is not to test or validate whether the perception of Poland and Germany about Russian energy threats is an objective fact or an imagined threat presented as real, but rather to understand what are the bases and the conditions underlying their particular perceptions of Russia and how those countries utilise them for reaching specific political outcomes.

Nevertheless, the case study design faces a range of challenges. Firstly, one of the most frequently mentioned criticism is related to validity and reliability of the findings of the case study approach (Yin, 2009: 40-45; Andrade, 2009: 42). However, the validity and reliability are the attributes of the objective reality of the positivist research, which constructivist research rejects. The interpretative methodology helps to avoid this problem as it defines quality of the research in terms of plausibility of the story and the overall compelling argument rather than validity and reliability (Finnemore and Sikkink, 2001: 404; Andrade, 2009). Second issue concerns generalisation. The main positivist assumption is that case study should provide opportunity for generalisation and replication to other cases. Drawing broader general inferences about threat perceptions and energy supply security for other EU members of the region or a wider world can be revealing but does not have to be the ultimate goal. According to interpretativism not every research can be statistically replicated and should have generalising effect 'as a goal' (Denzin, 1983: 133).

The aim of the research and the stipulation of formulated research questions do not require any empirical or statistical generalisation in terms of conventional philosophy of science (Yin, 2009: 39). The research findings are not applicable to any other EU countries-importers beyond the indicated two case studies (as the energy interplays between Russia and individual EU MSs are unique and non-transferable). The European Union, as a particular and a fragmented entity, has been shaping, widening and deepening its energy policies in different time intervals and incorporating countries with different political and economic backgrounds and relational links with Russia. From the social constructivist position the phenomenon of threat perceptions and constructing of energy policies are context-specific, time-framed and can have multiple attached meanings to the same situations (Yanow, 2003; Lincoln and Guba, 1985: 110).

However, that does not mean the pursued analysis will not have any generalising value. Specifically, the research provides analytical generalisation of energy security and threat perceptions. Providing generalisation to a broader energy security phenomenon (Becker, 1990; Yin, 2009: 38-39, 43), the case study results contribute to the indication of gaps, the need for additional data generation and provision of further

research horizons of the dynamics of the energy security concept and threat conceptualisation. Since the analysis is based on the attached meanings to energy security and threat in relations with Russia, 'meanings are not, as a rule, accessed directly: they are too abstract, and inquiring about abstractions leads to abstract generalizations, rather than situation-specific usages and practices'(Yanow, 2003: 11). According to George and Bennett (2005: 272-273) and Ragin (1992) the case study method is commonly used for producing policy-related knowledge and constructing a theory through generalising from the evidence. The research findings and their analytical generalisation will not necessarily lead to a theory generation, but rather an elaboration of some of the conceptual elements (like clarifying the meanings of energy security or expanding the threat perception analysis with the example of energy) that could be applied to other contexts. In other words, analytical generalisation can serve as a foundation for wider investigation of the gas securitisation practices and threat perceptions, by encouraging similar kind of analysis, for instance with the different types of fuel (oil, coal, electricity, or nuclear) or other energy suppliers (the Middle Eastern or African countries).

Alongside challenges with the generalisation of the case study design, special attention should be given to the sufficient number of case studies. Yin (2009: 52-56) specifies that single case study findings lead to profound understanding of the case but narrow generalisation capacity of the research, whereas multiple cases negatively affect depth, by substituting quality with quantity of the researched cases. The interpretative research method justifies a single case study that is very common for testing a well-established theory and can produce plausible explanatory findings due to its in-depth and encompassing approach (Stake, 1995: xi; Yanow and Schwartz-Shea, 2006: 77). However, the goal of this thesis is to describe a variable phenomenon and to find a middle ground in the research design for that purpose. It can be reached by adopting a balanced two case study approach, allowing the illuminations of the construction of energy threats for Poland and Germany in-depth. The reasoning behind choosing Germany and Poland as case studies will be provided in the next section.

4.1.2. What are the Cases of?

The choice of the case studies follows from the theoretical analysis of EU actorness and the provisional literature overview that identified particular problems with the coherence of the EU unitary actorness and causal role of the EU MSs in it (Howorth, 2010; Wright, 2011; Peters, 2016). The Introduction Chapter 1 already briefly highlighted the importance of exploring energy security and threats on the level of the EU MSs. Therefore, despite the analysis starting with looking at the general EU level in

its energy relations with Russia (in Chapter 5), it would be incomplete and somewhat superficial to observe the EU-Russia energy interplays just on the European supranational level. With this in mind, the thesis moves towards the individual EU MSs of Poland in Germany in the empirical case study Chapters 6 and 7.

The cases for the research can be determined on the basis of their comparability of some way or the individuality of the parameters. No matter what the choice is as long as it can maximise what the researcher can learn from them and provide available information for answering the research questions (Stake, 1995: 4). Relying on the purpose of the study to understand how countries react to similar energy challenges and define energy threats, the cases of Poland and Germany were chosen to a number of reasons, detailed below.

In the plethora of empirical scholarly research, Germany and Poland have been historically, geopolitically and economically allocated to two different camps of a symbolically 'divided' European Union. Arguably, the distinction rests on the time of the EU accession making the first 15 countries composing the EU as 'old EU MSs' and the rest as 'new EU MSs' and the geographical and historical connotations dividing states into the Western vs. Eastern EU clusters (Aalto, 2008: 112-114; Braghiroli and Carta, 2009; Bozhilova and Hashimoto, 2010: 630; Sherr, 2010: 58-59).

Germany is known for its historical connections, strategic energy and trade cooperation and 'special relationships' with Russia (Helm, 2006). Having built the first gas pipeline from the USSR in 1970's and being the first to exchange energy assets with Russia and develop energy import dependence (Aalto, 2008: 94), Germany has a strong interest in good relationships with its main energy supplier. Close political ties cemented Germany as a key lucrative consumer of Russian gas through Yamal-Europe and Nord Stream pipelines, often enjoying preferential contract conditions for gas supplies. Germany's case study will represent the member from the Western and older cluster of the EU, which remains a very prominent energy actor and influential opinion-maker in the EU.

The Eastern camp of 'newly' joined EU MSs is best represented by the Polish case study, which has been an important trend-setter in the Central and Eastern Europe (CEE) and the biggest energy importing country in the CEE region. Being left out from some of the major pipeline energy projects (mainly the Nord Stream pipeline), Poland has a different sentiment and rhetoric in the EU regarding Russia's energy policy. Diminished political leverage on the evolving European energy security policies and the loss of fees from the transit through its territory provides Poland with many incentives and energy trepidations towards Russia (Larsson, 2007a; Larsson, 2007b).

The categorical distinctiveness of the EU MS's attitudes to Russia was summarised in the analysis of Leonard and Popescu (2007) and Braghiroli and Carta (2009), which demonstrated the fragmentation of the European power and differences in European members' attitudes towards Russia[22]. According to their analysis, the spectrum of attitudes towards Russia ranges from friendly and partner-like relationships (where Germany sits) and hostile and antagonistic attitudes (as in the case of Poland).

However, the choice to look at Germany and Poland was based on the intention to understand how and if their energy positions and reactions are considerably different, while being exposed to similar energy challenges and energy supply conditions. For instance, both countries have been fully-fledged members of the EU since 2004, both underwent changes in energy policy-making under the EU intentions to build integrated gas market (including the diversification policies, etc.), and both remain with the highest level of energy import dependence. In addition both function in a time of international 'unprecedented uncertainty' (IEA, 2010) that incorporates growing heavy energy dependence on Russian gas supplies, the supply terminations, gas price hikes and others material-based energy security challenges. Both energy dependent and having a variety of energy interactions with Russia, the comparability of these cases is based on event-dependent comparison with similar events and processes (like the gas crises), that trigger a variety of threat perceptions and reactions in the EU.

4.2. Data Collection Methods

Another advantage of using a case study approach is the possibility to combine methods of data collection for developing a picture of the empirical content of energy policies and attitudes of the EU MSs (Yin, 2009). Ragin refers to data collection as linking 'the ideas and evidence' (Ragin, 1992: 225). In fact, the concept of energy security can be studied in two methodologically different ways. Quantitatively, energy security can be analysed through various risk-assessment mathematical techniques and statistical econometrics. However, the quantitative approach, which utilises statistical data and aims to portray factual reality, fails to study subjective side of threat perceptions. Qualitatively, the energy security conception can be presented through the lenses of expert judgements and academic evaluations. Coming from the interpretative epistemological stance, the research utilises a qualitative approach due to its

[22] For example, Braghiroli and Carta (2009) categorised EU members into four groups of countries, according to economic relations and trade with Russia, reliance on Russian gas and energy dependence, the accession of Georgia and Ukraine to NATO, religious differences and the presence of significant territorial, diplomatic, commercial and other direct disputes.

discursive value and the interpretative focus on threat perception. In particular, the case study research design determines the main sources of evidence – semi-structured political elite interviews and document analysis. The research scope is concentrated around the questions about the conceptual understanding of energy security and the energy threats for Poland and Germany as well as the factors contributing to the feeling of vulnerability in relations with Russia and possible implications for the EU-Russia energy relations. Such comprehensive approach to data collection correlates to the nature of the suggested research questions and the theoretical framework.

4.2.1. Elite Interviewing

Regardless the research relying on the state-centric approach, yet not exclusive state-centric theorising of countries' perceptions is applied when it comes to the choice of methods for data collections. Thus the methodological commitment of the thesis includes a broader account of a state, encompassing other trans-national economic actors, energy companies and decision-makers (Peters and Westphal, 2013: 109-110), which are complimentary, but not ultimate contributors to the creation of threat perceptions. Through exploring, which meanings actors and policy-makers attach to energy events and circumstances, allows analysing general energy positions of state-actors.

As stated earlier, interpretativist research justifies looking at acts and interactions through underlying meanings, which according to Walsham (2006: 323) and Yanow (2003: 11) can be assessed through interviews. Semi-structured in-depth interviews were chosen as the best way to answer the open-ended research questions and understand what stays behind country's policies and shapes their perceptions (Yin, 2009: 107). For the purpose of obtaining empirical data, the primary data collection was organised during the fieldwork to Brussels (to get the idea of the EU energy policies and strategies), Berlin in October-December of 2011 and Warsaw in September of 2012. The majority of the time was spent in Brussels, which provided more open access to governmental officials, political elites and policy-makers on both European and the EU MS's levels (for instance, being there in October-December 2011 allowed me to get access to Polish officials during Poland's Presidency in the EU Council at that time).

Unlike Neuman's (1997) advocacy for the 'random' and 'large' sample size, the interviewees for this research were deliberately selected on the basis of their relevance to the topic, knowledge and expertise in the EU-Russia energy relations, 'whose combined views present a balanced perspective' (Rubin and Rubin, 2005: 64-67;

Pierce, 2008). Targeted interviewees' governmental positions were identified, while pursuing online search databases and other relevant sources.

Notwithstanding that the research is focused on states' policies, the aggregate energy stance of German and Polish policies, decision-making and perceptions are based on the influential opinions of a variety of energy actors (such as political elites, energy companies, experts and individual policy-makers). The number of the selected interviews should be sufficient enough to be able to reflect controversial and overlapping perspectives on the researched phenomenon (Rubin and Rubin, 2005). The 45 recorded interviews conducted with high profile political elites and policy-makers were organised mostly in person or through verbal communication, supplemented by a range of unrecorded snow-ball chats, follow-up interviews and attending conferences and plenary sessions. The majority of those interviewees provided their permission to use obtained information within this research project under the circumstances of confidentiality. Hence, a few of those interviewers allowed the researcher to utilise their responses only in terms of understanding the context of the researched issues due to their sensitivity, without direct mentioning of those interviewees in the thesis. Consequently those interviews were used as a background for the topic and foundation for formulating more specific questions for other interviewees. That explains why only 23 interviews were extensively relied upon as the researcher managed to extract 'off the record' information and specify it in the questions to other interviews.

The pan-European perspective on energy relations with Russia was initiated from the interviews with public officials from the key Brussels institutions (the EU Commission, mainly the DG Energy; the Council General Secretariat), the Energy Charter Organisation and energy experts from think-tanks. The national view points from the member states of Germany and Poland were obtained from officials of the Permanent Representations to the EU in Brussels, as well as national political elites and countries' official sources from the ministries, governmental research organisations and think-tanks in Berlin and Warsaw. These were specifically the Federal Ministry of Economics and Technology in Berlin[23], German Council of Foreign Relations (DGAP), the Ministry of Economy and the Ministry of Foreign Affairs in Warsaw, Centre for Eastern Studies in Warsaw, BASF/Wintershall employee, Centre for Polish-Russian Dialogue and Understanding in Warsaw, former Nord Stream EU Representation officials) and a range of independent energy experts.

[23] During the time when the field work was pursued in December 2011, BMWi stood for the Federal Ministry of Economics and Technology, whereas later it was renamed into the Federal Ministry for Economic Affairs and Energy.

Although this thesis is not focused on the Russian perspective on energy security and gas relations with Europe, it was crucial to comprehend both parts of the EU-Russia energy equation. Thus for better understanding of the essence of the problems, the researcher pursued seven interviews with Russian political elites and energy-related experts (mainly, Russian officials from the Energy Charter Organisation, academics and scholars from Moscow High School of Economics and Energy Research Institute of the Russian Academy of Sciences). Since some of the key information from the Russian official perspective was provided under the condition of anonymity or 'off the record', to avoid ethical implications the knowledge received was used for general analytical purposes of the researcher, background setting and the contextualisation of the EU-Russia energy problems.

Deriving from a constructivist mind-set, elite interviews are used to analyse actors' perceptions and shared assumptions of the world or the event (Burnham et al., 2004: 274). The access to in-depth analysis of the expert opinions of elite interviews, provided the opportunity for clarification of controversial and complex energy policies. It was especially important for the identification of pertinent official legislative documents and directives of the European institutions and the clarification of at times perplexing texts. As Harrison (2001: 93-94) stressed 'interviews may also help in the process of identifying which documents have been deemed to be important, read and acted upon', expanding and explaining beyond dry and publicly-adapted edited texts of the documents (Yin, 2009). While recognising the advantage of the interview data collection, the intrinsic limitations and ethical concerns of the interview method will be mentioned in Section 4.4.

4.2.2. Documents and Secondary Data

The research is supplemented by various primary and secondary sources and documents constituting the EU-Russia energy relations since the 2000s and the overall energy interactions. Documents and official speeches by politicians created the framework for the interviews that allowed the building up of 'novel accounts and interpretations of significant events' (Burnham et al., 2004: 184). The analysis of documents and political statements made by the EU bureaucratic administration and officials is aimed at highlighting the conflicting areas between what is written in the European energy documents and what is meant by them (that can be drawn from the conducted interviews). This, in turn, will contribute to understanding the constructed nature of energy security and allow the making of inferences, leading to exposing threat perceptions within the EU.

The EU-Russian energy relations were observed on the basis of the energy documents and regulations from Brussels. Most of the EU official energy security documents focus on the construction of a common energy market and producing a common foreign energy policy towards third-party countries such as Russia. Among those documents are the EU Electricity and Gas Liberalisation Packages, Energy Action Plans, individual energy strategies of the EU MSs, the Energy Charter Treaty, and Green Papers of the European Commission. Utilising primary official publications of the legal documents of the EU institutions such as energy regulations, directives, communications, strategies, energy and climate packages not only served the purpose for cross-checking the interviewees' responses but also facilitates the contextualisation of knowledge (Burnham et al., 2004: 188). The country case study documents included German and Polish energy and national security strategies that predominantly enhanced understanding of the countries' priorities in foreign energy policy. The majority of documentary sources are available electronically in the website of the European Union, governmental and ministerial websites and did not require archival browsing.

Due to the popularity of the research topic, there exist a plethora of secondary analytical material, produced by academics, think tanks and the research organisations. Thus it would be somewhat short-sighted to disregard the added value of political briefings, newspaper periodicals and journal articles, scholarly and academic articles, secondary interviews and other research studies. Despite the concerns about the accuracy, bias, reliability and honesty of secondary documents (Mason, 2002: 110; Yin, 2009: 102) the contribution of the IEA country's reports, National Reports of the European Commission, Oxford Institute for Energy Studies and many others is invaluable for understanding of the broader context and scope of energy interplays between Russia and the EU. In addition most of the reports and articles contain illuminating numerical information and statistics, which can be utilised as a source of secondary data (representing the analysis of primary data).

4.3. Data Analysis

While the available tools and methodological approaches for data collection can be similar for constructivists and the researchers from other schools of thought, the approach to studying constructivist's inter-subjective meanings and analysing the data vary, leading to different interpretations and conclusions (Finnemore and Sikkink, 2001: 395; Klotz and Lynch, 2007: 18). The constructivist assumption indicates that the combination of discourses, meanings and language constitute the relationships between actors and helps to understand how processes and meanings are constituted

(Finnemore and Sikkink, 2001: 394; Price and Reus-Smit, 1998). Therefore, discourse analysis would represent interpretative epistemology and would be the most 'obvious' choice for constructivist research (Buzan et al., 1998; Buzan and Waever, 2003; Burnham et al., 2004; Klotz and Lynch, 2007: 19)[24]. However, the discourses remain limited to rhetorical value with limited generalisability (Powers, 2001: 64-65; Hook, 2001: 38). It fails to explain situational changes, power relations and how the meaning and the value are allocated to the actor's identity or behaviour. Traditionally focusing on the language and linguistics (Powers, 2001: 74), mainly 'how things are said or written' rather than 'what is said', the discourse analysis is too technical and terminology-focused for this research. This in turn will lead to overlooking the content and meanings that actors attach to energy security and threats.

Thus the constructivist ontology of threat perceptions in this thesis goes beyond the linguistic and discursive nature of the Copenhagen School's speech act theory and the language constructions. It focuses on the broader understanding of the threat perception phenomenon by asking relevant questions to the involved parties about the meanings and the interpretations they put into understanding the phenomenon. The analytical approach of this thesis encounters the historical, social, political and other contexts for constructing energy threats. Whilst the vulnerability can be partially explained by the relatively quantifiable economic indicators (such as costs and the risks that are measured frequently through import dependence), the other analytical elements of its conceptualisation such as energy security, threats and perceptions of identity and interests are intangible and hardly quantifiable. Therefore, to understand the EU-Russia energy threat phenomenon, a more invaluable, in-depth and encompassing approach used in this research that justifies the use of interviews and document data, which are analysed through the prism of the research questions and literature review.

The case study research design and its adherence to a variety of analytical techniques are consistent with the chosen conceptual approach. It enables a researcher to overcome the methodological concerns and weaknesses of each singular source of data and combine the interviews and document analysis. Additionally, using the data triangulation technique (Neuman, 1997; Yin, 2009), interview statements about the same phenomenon can be confirmed and cross-checked through other evidences from multiple sources, like primary documents and secondary data (Denzin, 1983; Pierce, 2008: 89; Yin, 2009: 103, 116).

[24] The Copenhagen School followers advocate discourse analysis since the 'criterion of security is textual: a specific rhetorical structure that has to be located in discourse' (Buzan and Waever, 2003).

In general, triangulation is aimed to strengthen the research findings and amplify validity and reliability of the research (Neuman, 1997; Yin, 2009). However, it contradicts the interpretative epistemology as validity and reliability imply objective reality, which mainstream constructivism reject. Constructivists claim that the research involves interpretations and explanations, therefore cannot be entirely objective or impartial, therefore rejecting the 'validity of analytical and ethical knowledge claims' (Finnemore and Sikkink, 2001: 395). Persuasiveness and consistency of the interpretations can exist and be pursued through convincing legitimacy and drawing conceptual implications from the findings. It can also vary depending on the collected evidences and the plausibility of empirical analysis (Price and Reus-Smit, 1998).

Through triangulation, the public speeches recorded and interview responses obtained can be checked for consistency and the integrity of the drawn inferences with other data sets of secondary sources and primary documents. For instance, the majority of the interview data (collected opinions of the political elites from Brussels and the case study countries) is verified with the policy documents of different Ministries, the DG Energy, available public speeches and a variety of secondary research. Thus a senior expert from the Centre for Eastern Studies (OSW) in Warsaw (Interview 15) and the official from the Ministry of Economy in Poland (Interview 10) admitted Russia's 'blackmail' and elaborated the weakness of the Polish bargaining position with Russia during the gas contract renegotiations in 2010. The pressure of the Russian side during the negotiations with Poland was confirmed from the secondary source of the interview of the former head of Polish Oil and Gas Company (PGNIG) energy company in Poland Michal Shubskij given to the Vedomosti newspaper (Shubskij, 2011). The attached meaning to this event and the language utilised by the primary interviewers and the secondary newspaper sources were identical, allowing concluding about the trustworthiness of the shared observations.

Triangulation can also work the other way around, when the interviewers explain the meaning and clarify dry texts of the documents and governmental policy papers, confirming and denying the researcher's interpretation of this documents with one of the interviewees' perspectives (like in the example in the Chapter 7, Section 2.3.1.).

4.4. Limits, Limitations and the Ethics of the Research

Recognising the nature and the scope of the thesis, a number of practical constraints of the research and the fieldwork experience should be identified (although they often appear to be advantages in the interpretative research).

First and foremost, the purposefully made boundary of the research is that it mainly explores only one type of natural resource, which is natural gas. The focus on natural gas, as the invaluable EU priority that binds suppliers and consumers in a rigid network and provides major grounds for the EU-Russia energy conflicts, has been thoroughly explained in the Introduction chapter, Section 1.2.2. However, adhering to the gas sector analysis rather than the energy mix imposes some limitations. For instance, changes in the gas market are hugely influenced by oil market developments, as the gas formula for the EU customers is indexed to oil products and it fluctuates according to changes on the world oil market. This thesis acknowledges the importance of the oil global market and energy mix for understanding energy security, which will be treated as an external structural factor affecting gas relationships between the states. The research specifically focuses on the most geopolitically and economically problematic type of fuel in the EU-Russia energy relations (that does not fully belong neither to global energy market nor to the evolving European regional market for gas just yet).

Secondly, since the scrutiny of the research object (in this case European energy security relations with Russia) is presented as 'a well-defined aspect of a historical episode' (George and Bennet, 2005: 18), the timeline of the thesis is a natural limitation of any research. The thesis had already specified and justified the reasons for establishing the boundaries of the time frame for this research - the period from 2004 until 2012 (see Section 1.2.5.).

Thirdly, another limitation of the research is the choice of Germany and Poland as specific case studies to demonstrate the reasons for, and implications of, differences in threat perceptions. Regardless of the fact that that those countries were exposed to similar gas supply challenges during the observed period of time, it is essential to remember that the argument might not hold its value if the energy circumstances of other EU MSs and their political context are scrutinised. For instance, for Spain and Portugal, which are focused on renewable energy, LNG and relatively import independent of the Russian gas, the energy supply challenges and the security threats are likely to be associated with supplies from Algeria, Nigeria and Qatar and the adverse lasting effects of the global economic crisis (like the lack of foreign investment into the development and liberalisation of energy markets). Whereas in Bulgaria and Lithuania, which, like Poland, are heavily import dependent on the Russian gas supplies and vulnerable to its gas price-making, the argument would likely to stand if they are exposed to identical circumstances in dealing with Russian energy policies. That brings back the limitations of statistical generalisation of interpretative research into other EU MSs, but provides opportunities of analytical generalisation due to EU MSs being affected by stable structural circumstances and a rather consistent

international social-political reality (like the increasing international energy demand, the burdens of tackling the climate change issues, uncertainties about availability of energy reserves, etc.).

Fourthly, the key level of analysis that deals only with states as unitary actors imposes boundaries as it disregards other energy stake-holders that may have strong impact on threat perceptions and energy policies. Thus only limited scrutiny of other energy actors (like particular energy companies, energy interest groups, lobby groups, international energy corporations and multi-national energy companies and individuals) will be provided. For instance, the close relationship between the individuals of Vladimir Putin and Gerhard Schroeder, who was chosen to be the head of 'shareholders committee' of the Nord Stream project (Benoit, 2006), contribute greatly to shaping the energy interests of the German state in the European space. Albeit, the importance of those actors is incontestable, it exceeds the limits of the state-centric research scope and will be accounted for indirectly, in terms of broader understanding of states' energy interests.

Fifthly, EU-Russia energy relationships cannot be fully understood in isolation from other important state energy players such as the USA, China, India (as the biggest energy consumers), and the energy exporters from the Middle East (Saudi Arabia, Qatar, Iran, Kuwait and others). Their impact on the architecture of the global energy markets, its changes and the establishment of the oil prices (according to which the gas price fluctuates) might be important but not prevalent in this research. Hence, since it has indirect influence on bilateral gas politics between the EU MSs and Russia, this factor will be mentioned only as the wider international context for the EU-Russia energy security in the Conclusions final chapter.

Finally, due to the interpretative nature of the research some ethical issues related to data collection and analysis during the fieldwork should be encountered. In the process of data collection, a common problem occurs when high-profile political elites and policy-makers refer to a common knowledge and well-known public opinions and interpretations. This can be regarded as a general flaw since it provides repetitive information and reduces the possibility to drive new implications. Hence, this research chooses to treat it as a positive outcome as it confirms commonly shared understanding of energy events and processes (which can be systematically analysed, cross-checked and triangulated with other available sources).

The research recognises the constraint that the representation of the interviewee selection might not be sufficiently comprehensive and will be, due to practical reasons, limited to the availability of eligible officials in power with which the researcher

managed to secure an interview. This, in turn, puts endemic constraints on the perspectives received from the officials due to their political persuasions, party membership or the boundaries of the occupied positions in the governmental structure at that particular moment of time. Likewise, most of the interviews were referred mostly to the recent events (like the EU energy misunderstandings with Russia around 2009-2010 rather than earlier years of 2000s). This is an unavoidable characteristic of the human nature, as the officials might not have been in office during earlier time or not possessing the sufficient knowledge about the energy-related events. To compensate for those gaps, references to other analytical literature and documents' screening were applied.

In respect to data analysis, the interpretative approach allocates the active role for the researcher in data collection, analysis and its interpretations (Burr, 1995: 161; Klein and Myers, 1999; Andrade, 2009: 43-35). The researcher becomes a part of the constructed reality and contributes with his knowledge to understanding the observed phenomenon. However, not only can the researcher's involvement raise some ethical concerns (to be explained below), it can also be regarded as a weakness, as it adds even more subjectivity to the observed phenomenon. However, the research is not positivist-based, so the presence of subjective elements in the interpretative research is not as damaging and even more so inevitable due to its nature (Yanow, 2003: 12). Drawing inferences from the work of Robert Jervis 'Perceptions and Misperceptions' (1976: 7-9), there is not an easy way of determining the accuracy of a state's perception of another state. Given the complexity and ambiguity of information in international relations, perceptual decision-making errors will always be common (Jervis, 1976: 10). Since it is up to the researcher to identify and measure if threat perceptions are plausible or exaggerated or understated, then the problem of bias and subjectivity in analysing data might occur, both from the interviewees' and the researcher's perspectives. The most obvious potential risks of interpretative research is in face-to-face communication, where there is a possibility for the interviewer to influence the interviewee to produce the expected response (Burnham et al., 2004; Pierce, 2008: 83), as well as the creation of personal narrations as opposed to representing the country's perspectives (Boobbyer, 2000: 557). However, this research adopts the view that considers subjectivity as an advantage (Andrade, 2009: 45) that can enhance the delivery of analysed findings to the readers as only the researcher knows the problem in-depth enough to be able to produce the expected outcome.

Recognising that interpretative research does not require proof of validity or reliability, there is a way to mitigate arbitrariness and speculative responses and the researcher's bias in evaluating states' perceptions. Anticipating the above research challenges,

consistency of responses was increased by replicating or asking the same 'questions to different people in separate roles' during interviews or 'same questions in different ways' (Rubin and Rubin, 2005: 73). It is possible to compare and cross-check the perceptions of different actors about the same energy threat and security issue either within the country (by asking for the interpretations of other policy-makers and interviewees from the same case country) or the intra-state perceptions (like other members of the EU) or through finding relevant positions in the official speeches and documents (according to the described above triangulation technique). In addition, the described above triangulation technique of data analysis solves the bias issue. The researcher's bias is initially minimised by the fact that the researcher does not come from either of the observed countries, limiting the incentive to have preconceived judgements.

Due to the versatile nature of the research project, the researcher had to account for a variety of ethical issues during the fieldwork. The ethical issues, while writing the project and doing the fieldwork, were intellectual property issues, confidentiality, protection of data and the receiving informed consent from the interviewees. Despite the fact that the research does not include interactions with vulnerable groups of society, dealing with high-profile public officials, political elites and policy-makers require sensitivity to their position and consideration in utilising the obtained responses properly. According to the University of Leeds regulations the interviewer was required to obtain interviewees' consent about utilising the information participants provided (which was successfully accomplished). This was achieved by providing the participants with a clearly stated information sheet about the nature of this study and the aims of interviews contributed to a prejudice-free attitude towards the researcher and helped to obtain participants' formal consent. Thus the issue of confidentiality and anonymity was successfully dealt with by providing a choice for the interviewees to remain anonymous (Walsham, 2006: 323-327). Knowing that specific views will not be attributed to interviewees' names and organisation enabled more open and revealing opinions and reflections.

While pursuing the research on the ground, a researcher comes across with a range of challenges. Due to the fact that the interpretative research design was based on the interviews with high-profile and senior political elites, some of the interviewees in Poland and Brussels were reluctant to agree for the interview due to the 'sensitivity' of the topic (which already indicates insecurity of discussing energy relations with Russia). For instance, the access to the officials from the Ministry of Foreign Affairs in Warsaw was difficult as officials claimed that they are restricted from discussing energy security issues. While there is nothing the researcher can do against the adopted organisational

culture and regulations of the Ministry of Foreign Affairs, the researcher managed secure a few interviews with other political elites from the think-tanks and organisations working close with the Ministry. The fact that there were no political or career-related consequences, those interviewees were more open, upfront and efficient in answering the questions. This appeared to be very beneficial for this research as the advisers to the Ministries or other research organisations possess very deep and up-to-date knowledge of the issue. This in itself is a massive indication of how the issues of energy security and relations with Russia are treated by country's officials, characterising emotional and overly sensitive grounds for discourses and perceptions in Poland.

4.5. Conclusion

The aim of this methodology section was to establish the utility of analytical methods that this research adopts and to justify the choice of exploring energy security relations on the level of the EU MSs. Deriving from the constructivist theoretical foundations with its adherence for a constructed reality (but not denying the importance of material factors), the chapter explained the choice for the interpretative research design. By utilising the interpretative case study method with the focus on constitutive and causal explanation of countries' energy approaches, the construction of European energy threats and energy insecurities are observed through the examples of Poland and Germany as the key energy dependent importers of Russian gas in the EU. Through exploring the energy stances of those cases, the findings seek to contribute to the bigger picture of the EU-Russia energy relations. The data collection relies on two main sources of the interpretative research design – the interviews and document analysis. Those primary sources are important for unveiling the variety of meanings that actors attach to energy security and threat perceptions, causing broader implications for the EU-Russia energy interplays.

Supporting the case studies research design with the fieldwork findings makes the cases sufficiently encompassing and effectively comprehensive, thereby allowing one to distinguish whether differences or shared insecurities have a bigger impact on threat perception discourses in the EU and the EU-Russia energy relations. Furthermore, the methodological approach provided insights of possible implications for the constructivist theoretical framework by unveiling the conceptual gaps in the constructivist theoretical base (like specifying the understanding of energy security tenets and implications of interests and identities on countries' threat perceptions). It aims to add understanding and clarity to the main conceptions of threats, energy

security and vulnerability contextualised in the EU-Russia energy domain, introducing another level of the member states' perceptions. Whilst the majority of literature on inter-state energy relations inherits positivist ontology and relies on pre-defined hypotheses and theory testing methodological approaches, the approach in this thesis diverges from the mainstream position of combining positivist and post-positivist constructivist stances. It allows the examination of the in-depth issues in the specific context, relative flexibility of interpretation of policies and the events and accounts for unforeseen findings and bringing up different perspectives.

Chapter 5. The Peculiarities of EU-Russia Energy Relations

The aim of this chapter is to explore the essence of the EU-Russia energy cooperation and explicate key 'stumbling blocks' in their interplays during 2004-2012 period, as well as to analyse the European quest for energy security and the nature of Russia's and the EU's identities as energy actors. This, in turn, facilitates answering of the first research sub-question regarding general factors that undermined energy interactions between Russia and the EU and considers conditions and origins of the creation of threat perceptions in the EU and among its MSs (which is also a partial answer to the second research sub-question of this project).

This chapter commences with the analysis of a number of multilateral and bilateral normative energy initiatives, which provide the basis for EU-Russia energy cooperation. Although some attempts to build a strategic energy partnership are evident, Section 5.1. argues that the EU struggles to create a well-functioning normative energy platform that would effectively bind EU MSs and regulate the EU-Russia interplays and enhance mutual energy cooperation. Hitherto, their energy relations have been, and remain, unstable with lack of mutual trust, and acceptance of the differences and political will to compromise on their energy interests. A relatively little success to commit Russia to European energy security values and initiatives effectively creates doubts about the coherence and the success of the EU energy actorness, initiating its further empirical scrutiny (in Section 5.3.2.).

The need to understand Russia's role in European perception of energy insecurity leads Section 5.2. to demonstrate Russia's assertive domestic energy stance through the example of Gazprom as a consolidator of Russia's energy interests and expansionist international energy policy towards transiting states of Belarus and Ukraine, resulting in gas supply disruptions. These examples had a negative impact on European threat perceptions of Russia and serve as an explanatory illustration of how the conceptualisation of energy security changes in the EU and the unified approach to dealing with external threats becomes more prominent. The energy disruption trepidations are being projected into energy dependent EU, causing the policy of EU-Russia energy securitisation to be applied.

Trying to commit the EU MSs to the principle of 'solidarity' since early 2000s (Section 5.3.1.), European energy security policy includes internal (mainly the development of a single energy market) and external dimensions (such as energy diversification and a mutually shared European energy approach to dealing with other countries). The analysis of the EU's energy policy and the implications of Russian energy politics for the EU provides background for the second research sub-question about external

material conditions for existence of threats in the import dependent EU. However, finding asymmetric energy import dependence of its individual MSs on Russia as not sufficient enough to justify the variety of existing threat perceptions in the EU, the chapter points towards the need to examine other aspects of energy insecurities of the individual level of the EU MSs. The resistance of the EU MSs' to give up control over energy issues creates inferences to consider the impact of EU integration of its energy market as being problematic for some of the EU members. This provides the initial setting for the second sub-question about the conditions of insecurities for Poland and Germany originating not only from the aggressive Russia's energy stance, but the EU energy policies (which will be profoundly explained in Chapters 6 and 7).

The lack of a commonly shared understanding of energy security in the EU, and weak solidarity between the EU MSs in respect to the European energy goals, had created problems in the formation of EU's identity as an energy actor. Applying the conceptual framework of Jupille and Caporaso (1998) for empirical scrutiny of the EU's energy actorness (Section 5.3.2.), helps to explain why the EU has difficulties being a coherent energy actor. It also provides incentives to observe energy security policies and threat perceptions on the level of individual EU MSs (which suits the objectives of this research).

Finally, Section 5.4. concludes the chapter with analysis of the key energy stress points between the EU and Russia, denoting how divergence of strategic energy interests between Russia and the EU produce European negative perceptions of Russia. While the Union introduces new internal energy market liberalisation principles (which Russia is expected to respect) and searches for non-Russian energy routes and sources, such policies instigate resentment from the Russian side and trigger misperceptions between the parties (research sub-question 1). Starting with the analysis of diverse attitudes between Russia and the EU towards energy interdependence and understanding of energy security, energy diversification policies, and the EU's gas market liberalisation policies, this section provides the examples of Poland and Germany's asymmetric of gas import dependence as the a platform for further analysis of their threat perceptions in the next Chapters 6 and 7. The main grounds for misperceptions conclude this chapter, and establish the basis for the EU MSs' case studies.

5.1. Multilateral and Bilateral Platforms for the EU-Russia Energy Interplays

Leaving aside positivist explanations of EU-Russia energy relations generally being based on factual economic and trade indicators (such as European import dependence on Russian gas supply, supply-demand nexus, and energy market shares), this chapter accounts for the ideational grounds for the EU-Russia energy interactions. Ideational structures are more focused on uncovering a particular nature of the EU energy identity through principles that underlie energy interests, political will and cooperative incentives. Those are useful for studying the coherence of the EU's energy actorness through the development of energy initiatives and regulatory regimes in dealing with Russia (Wright, 2011: 16-17), specifically by evaluating the success or failure of the normative grounds for EU-Russia energy interplays. European relationships with Russia can be characterised by a long history of endeavours to incorporate Russia into a range of energy related initiatives. The analysis below illustrates the multilateral and bilateral attempts of the EU and Russia to fulfil the existing normative and regulatory vacuum in their energy relations that often creates grounds for manipulation and political distrust, undermining energy security for both parties.

Multilaterally, since the 1990s the EU has been acting as a united actor under the single umbrella of the Energy Charter organisation, functioning in line with the principles of the World Trade Organisation (WTO). By Russia's signing and provisionally applying the key Energy Charter Treaty (ECT) and its supplementary Protocols (Energy Charter Treaty, 2004), there was an existing expectation within EU MSs about Russia's ratification of the ECT and joining the WTO. The ECT and its Protocols tried to unite a large number of states' economic energy interests, focusing on market, trade and transit, energy investments, efficiency, and dispute resolution. For instance, they were believed to solve a range of energy supply and investment uncertainties and create a politically stable climate and regulatory environment in the relations between Russia and the EU.

According to the high-level official from the Energy Charter organisation, 'the Charter is an alphabet in which Russia and the EU talks and the instrument of energy diplomacy…but its development stops at this stage' (Interview 1). The energy disruption crisis between Russia and Ukraine in 2009 illustrated the failure of the ECT to assign the mediator that would set the gas volume and tariffs during the gas conflict and to resolve the confrontations between the supplier and the transiting state (Pirani et al., 2009:4). The fact that the largest energy producers like Australia, Canada or Norway (including the USA that is one of the key founding members) never ratified the ECT, reinforced Russia's doubts about its effectiveness and propensity to consider the

balanced interests of energy exporters, transit states and importers. Russia's problems with the Transit Protocol evolved around not only opening its gas transporting pipeline-systems to third parties like Central Asian competitive exporters that threatened company's monopoly rent (Gotz, 2008: 69; Bohme, 2011: 46), but also came in contradiction with Russia's acceptance of EU's identity as a united front. Thus, newly joined EU MSs (mainly Poland) has been traditionally treated by Russia as 'the transiting state towards Western energy markets' (Hadfield and Amkhan-Bayno, 2012; Interview 2). The reason for treating Poland still as a transit country for the Russian gas is because Gazprom traditionally insured the gas supply to 'the Polish-German border', where Germany is the main targeted gas market for Russia (Interview 4). Russia still has problems with accepting the EU energy collectively shared identity as an economically integrated region with free energy transit regardless of the country of origin or destination or ownership of the pipeline. In addition, the Protocol is believed to breach Russian access, volume and tariff policies towards the Polish part of the Yamal-Europe pipeline (according to Article 10 and Article 8.4 of the Transit Protocol). Strongly opposing the ECT and its Transit Protocol for a variety of controversial economic and legal reasons (like transit issues and trade-related investment provisions, compensation for loses, non-discrimination of transport networks, third party access to pipelines and others) Russia stopped its provisional application in October 2009 (for more information about Russia's frounds to reject the ECT and the Transit Protocol see Konoplyanik, 2009: 279-282; Hadfield and Amkhan-Bayno, 2012)[25].

Discarding the effectiveness of the Energy Charter Treaty, former Russian President Dmitry Medvedev in April 2009 proposed a modified set of legal rules for energy cooperation, referred to as the 'Conceptual Approach to the New Legal Framework for Energy Cooperation (Goals and Principles)' (President of Russia Official Web Portal, 2009). Russia's energy initiative contained the main regulatory positions of the Energy Charter Treaty, but with amendments to incorporate interests of producing countries and the transiting states[26]. The EU has been very slow in responding to the initiative and no visible steps were made to reach a mutually beneficial agreement, indicating the lack of political interest of the EU and Russia to actively promote it. Thus despite reaching relative success in acting as a united bloc and being a coherent part of the

[25] Hence in 2015, investor-to-state arbitration clauses of ECT successfully resolved the 'Yukos case' of property expropriation in the Hague Permanent Court of Arbitration. The fact that Russia was bound to pay around 50 billion US dollars for seizing Yukos assets in 2006 shows that commercial arbitration provisions of the ECT are working.

[26] Including, a better recognition of the security of supply and demand, adjusting the investment protection regime and the modernisation of the mutual infrastructure between the transiting countries, producers and suppliers.

multilateral agreements, the EU has been weak and indecisive regarding facilitation of Russia being an active part of the ECT or any other similar agreement.

Another tool to commit Russia to international trade regulations was Russia's joining the WTO in August 2012. The positive effect of the mutually binding energy trade agreements within WTO remains complex and uncertain. The reason for this uncertainty is that the variety and complexity of energy relations seems to lie largely outside the WTO commitments. Only general rules on trade, transit and tariff operate within the WTO framework, hence such issues as the creation of new infrastructure or the solutions for transit related disagreements are not explicitly dealt with through the WTO (for more information see Milthorp and Christy, 2011: 259-266). There has been a lot of uncertainty about whether Russia's joining the WTO is likely or unlikely to change much in Russia's energy policy in the energy sector. As the WTO is a relatively new legal precedent with Russia being a member (in relation to the time frame of this thesis), there have been very few energy interactions between Russia and the EU under the WTO regulations, making it difficult to evaluate possible implications of the Russian membership for EU-Russia energy trade relations[27].

In addition to the above, the last two decades were marked by bilateral EU-Russia attempts to promote energy security and cooperation, which are more important for the EU as an immediate and interdependent neighbour of Russia. While the EU has been pre-occupied with the construction of a liberalised energy market, Russia has been involved in privatisation and then nationalisation of energy assets, liberalisation of oil and coal markets, launching new infrastructure projects and modifying the energy regulations. As a result, plentiful opportunities for energy cooperation were opened. The 1997 Partnership and Cooperation Agreement (PCA) (Council of the European Union, 1997) followed by the creation of EU-Russia Common Spaces in 2003, EU-Russia Energy Dialogue (2000) and Partnership for Modernisation (Council of the European Union, 2010) laid the grounds for relationships, including energy relationships, to create certain normative obligations between the EU, its MSs, and Russia.

The above-mentioned bilateral agreements with Russia underwent a range of controversies. To start with, the PCA have been steadily working for the first 10 years since 1997 in the area of trade, investments, human rights and competition, presenting systematically organised approach to bilateral relations. Hence, energy was not in this

[27] So far, since 2012 Russia and the EU have been involved into just a few official WTO consultations including three cases about non-energy related trade issues and one energy related case. The only ongoing energy case between the parties since 2014 is in regards to discriminatory certification for third countries within the Third Energy Package.

time a substantial and individualised section of either PCA, nor was in the precise focus of the EU-Russia Common Spaces (since energy area was attributed to the Common Economic Space).

The growing importance of energy interactions between Russia and the EU facilitated the need for the creation of the EU-Russia Energy Dialogue launched on the 30th of October 2000 during the 6th EU-Russia Summit in Paris. Through a variety of Thematic Groups[28] and the involvement of policy makers and energy experts upon which the EU-Russia Energy Dialogue was built, the parties cemented their ambitious intentions to ensure stable energy markets and improve investment opportunities, enhance energy security, to modernise the energy sector and develop energy efficiency (EU-Russia Energy Dialogue, 2001).

As was noted by Hadfield (2008: 237) 'Energy Dialogue was based from the outset not upon common values but rather 'questions of common interest'', one of the key interests of which was to build 'a strategic energy partnership' (EU-Russia Energy Dialogue, 2001: 1). The strategic partnership in energy would mean that the two countries share the same energy interests, long-term security of supply goals and values about energy cooperation, which is built 'on the basis of mutual trust, symmetry and equality' (Adomeit, 2012: 13). Overall energy partnership can be cemented through sharing information about the developments in their economic, legislative, technical, environmental and other energy related areas. The EU-Russia Energy Dialogue in the ten-year anniversary publication described its aim in the following way:

> Its objective was and is to strengthen the EU-Russia relations, to increase confidence and transparency, and to provide reliability, security and predictability of our energy relations based on market economies. The Dialogue is also a fundamental tool to further strengthen the overall EU-Russia relationship (EU-Russia Energy Dialogue: The First Ten Years, 2011: 23).

Despite the importance of the Energy Dialogue for the EU mentioned in the official stipulations, there are obvious controversies and a divergence of ideas inside the EU institutions of what the Energy Dialogue is about. In the EU bureaucratic quarters there is little clarity among the officials about who started it, the reasons behind the time of its creation and the exact grounds for initiating the Energy Dialogue in the early 2000s (rather than later or sooner). The official of the Council General Secretariat and some

[28] Including the modified and established in 2009 'Energy Strategies, Forecasts and Scenarios', 'Energy Efficiency' and the 'Energy Market Development' Thematic Groups (8th Progress Report).

sources of the European Commission treat it as a 'bottom-up' initiative (Interview 3; Interview 4), referring to a variety of participating actors like states, energy companies, international financial institutions, academics and private actors (EU-Russia Energy Dialogue, 2001: 3). Hence, other officials of the DG Energy support the 'top-down' launch of the Dialogue, emphasising involved personalities and the desire of both sides for energy cooperation on high political level. The cooperation within the Energy Dialogue 'was triggered by growing energy dependence and price uncertainties' (Interview 5), mainly facilitated by 'the political architecture that affected the growth of energy prices' (Interview 4).

Official sources from the Council of the EU (Interview 3) characterised the framework of Energy Dialogue as a political 'attempt to incorporate third countries like Russia and other newly independent states into a broader energy architecture and to advance the progress of the PCA on the ground'. In addition, after the EU enlargement of 2004, the PCA was extended to incorporate 10 new EU members. If Energy Dialogue was believed to advance the implementation of PCA provisions in economic and political agendas, as the 5th Progress Report mentions (EU-Russia Energy Dialogue, 2004), then it seems plausible to choose energy as the common denominator for EU-Russia relations due to the vital role energy plays in the their interdependent relations. Nevertheless, the situation with the PCA re-negotiations and the inclusion of the chapter on energy in the new agreement was far from being straightforward or easy. After the expiry of a 10-year period of the PCA, it should have been renewed automatically in 2007, if either of the parties had no objections. When the modification of the PCA was planned, its re-negotiation was blocked from the side of the EU, when the EU failed to come up with a supranational coherent approach to it.

Other political issues triggered by the EU MSs negatively affected the PCA re-negotiations. An example would be Poland's veto to the opening chapter of the PCA re-negotiations in 2006, as a protest to a Russian embargo on Polish food products in 2005 (Copsey and Pomorska, 2010: 194; Szczerbiak, 2012). As a result, the deadlock with the PCA successor agreement appeared to be ignored in biannual EU-Russia summits and meetings within the EU-Russia Energy Dialogue framework. Ignoring of the PCA renegotiation lasted until 2008, when the Commission got a mandate from the EU Council of Ministers to proceed with the PCA. Since 2008, no notable progress has been achieved and the agreement is still not in place. The EU-Russia Energy Dialogue progress reports focus very little on the PCA and suggest no practical steps to advance the only plausible regulatory framework in the EU-Russia relations. The disagreement on the addition of the energy chapter into the Common Economic Space of the modifying PCA proved energy to be an obstacle, straining EU-Russia bilateral

cooperative intentions, rather than acting as a unifying and accelerating factor. Hadfield (2008: 239) summed it up that the demise of the Energy Dialogue persists due to its focus 'on practical cooperation while avoiding politically sensitive areas', which are imperative to be discussed and agreed on. Hitherto, it is rather difficult to evaluate the actual progress 'on the ground' with important issues evolving in the process of the EU-Russia energy interplays. Fraser Cameron from the EU-Russia Centre mentioned that in 2011 the EU-Russia Dialogue was 'going nowhere' (Interview 23).

The above examples illustrated that not only Russia's approach to energy security is politically driven, but also how politicised the EU approach to energy security is, being undermined by individual EU MSs. Despite EU's and Russia's intentions to de-politicise their energy interactions, EU's political elites in Brussels realise that it is impossible to completely eliminate political dimension of energy security due to the existence of political shocks instigated by Russia or occurring with Russia's participation. Thus EU official claimed that:

> Politics is there and will be there, but the approach should be responsible and creating good framework conditions for energy market development…Politics should create and maintain the conditions for the creation of level-playing field (Interview 6).

The examples also revealed the lack of mutually shared understanding in the EU apparatus and disunity of ideas and common approached, leading to poor outcomes and misunderstandings. The inability of the EU-Russia Energy Dialogue to reflect on important and contemporary energy issues[29] and the lack of importance attached to renewing the PCA, have negative implications for the EU-Russia energy climate. The EU-Russia Energy Dialogue as a tool for their strategic energy partnership lost its momentum, demonstrating the lack of concrete mutual steps and political will to modify the PCA, advocate for a new version of the Energy regulatory framework, or upgrade the Energy Charter Treaty Agreement. In broader terms, these failures mean that so far the Union as a coherent energy actor struggles to pursue energy cooperation with Russia on a bilateral level as both major energy initiatives proved to be uncompromised and ineffective. Thus rather than becoming a common energy security denominator between Russia and the EU, Energy Dialogue remains just a 'forum in which the diplomatic fallout between the two is most acute' that lacks 'substantial policy output' (Hadfield, 2008: 233).

[29] The only visible achievement of the parties to react on the energy disruption events was the creation of the Early Warning Mechanism.

Partnership for Modernisation (2010) is another initiative proposed to complement Common Spaces in the area of trade, cooperation, energy security and efficiency, human rights, and investments. In this way Europe provides technological, energy, financial and institutional modernisation of Russian sectors. Reinforcing the strategic partnership between the parties, former President of the European Council Herman Van Rompuy noted that parties need not the 'reset' of their relations but a 'fast forward' through modernising Russian economy (Van Rompuy, 2010). The recognition of inefficiency, lack of dynamism and slow motion of the decision-making in their relationships serve as the basis for yet another cooperation agreement, in the form of the Partnership for Modernisation. It is unclear how the parties can justify the amount of similar 'sectoral' approaches dealing with identical issues, just under different normative titles. Outwardly, parties aim to substitute the poor quality of their relations with the quantity, postponing the need to make substantial steps forward and solve contentious issues.

In conclusion, EU-Russia energy relations represent a 'partnership without a strategy' (Butorina, 2013), which is not sustained by solid policy steps and a shared energy vision. Rather it is simply an aspiration for the futuristic long-term goal of building an elusive strategic energy partnership, which, regardless on the mutual public references as strategic partners, is still on the embryonic level.[30] Director of the EU-Russia centre in Brussels Fraser Cameron called the EU-Russian strategic partnership 'meaningless' as the EU does not share main strategic interests, values, views or goals with Russia (Interview 23). Hitherto, the basis for the EU-Russia instrumentalisation framework of the EU-Russia energy relations is missing. The EU-Russia Energy Dialogue continues to have a discursive nature, being the platform for discussions of policy steps and future energy strategies, rather than constructive policy-making instrument. As Hadfield (2008: 237) stated, 'while the EU engages in dialogue in which energy is a discursive element, Russian participation is based on energy as a foreign policy instrument accompanied, rather than underwritten, by dialogue'. Since Russia has no intention of joining the EU and does not adopt EU norms, world views and conditionality (Manners, 2002), the Union has little normative power to commit Russia providing security of gas supply to the EU, beyond the observed energy initiatives. The European Commission characterised EU-Russia energy relations as an 'anomaly', since 'Russia knows how to play weak hand hardly and the EU knows how to play strong hand weakly' (Interview

[30] For more information on the EU-Russia strategic energy partnership see Repyeuskaya, O. 2012. The Construction of the EU-Russia 'Strategic Energy Partnership': Clash of Identities or Where Do the Interests Come from? *International Journal of Energy Security and Environmental Research.* **1**, pp.33-46.

4). Political elites from both sides fail to recognise those two incommensurable approaches to energy.

5.2. Russia as an International Energy Player

In addressing the first research sub-question about factors that undermined the EU relations with Russia, this section explores Russia's domestic and international energy policy as the most obvious and widely acknowledged reason for EU's energy insecurity. Commonly entitled an 'energy superpower' by the West (Rutland, 2008; Klare, 2008), the Russian energy foreign policy and approaches towards Belarus and Ukraine in early 2000s were interpreted as threatening by the EU and facilitated energy policy implications for the EU and its MSs. Therefore, analysing Russia's dominating behaviour on energy markets and the particular economic and political tools it uses to increase its international presence, will allow an understanding of the change in European energy thinking and explain the shift towards energy securitisation.

5.2.1. The Development of Russia's Energy Foreign Policy Identity

After the dissolution of the USSR, Russia underwent a period of huge political and economic challenges, affecting its international image. In the 1990s Russia went through economic stagnation (marked by the range of ineffective structural economic reforms, financial default, increase in the rate of poverty, hyperinflation and foreign debt) and political inefficiency (aggravated by high levels of corruption of the political elites and governmental apparatus, mismanagement and power centralisation, and a constitutional crisis with failed democratisation reforms). The energy-related sector's sustainability was undermined by ineffective energy production, cheap export, fragmentation of energy industries and radical privatisation of energy assets. In addition, much of the country's mineral wealth and energy assets were concentrated in the hands of a narrow circle of people (oligarchs) with short-term rent-seeking interests.

From the year 2000 onward Russia entered a contentious period known as 'Vladimir Putin's era' (Lucas, 2008: 38), who's undemocratic rule, breaching human rights at the domestic and international level and uncompromising foreign policy stance hugely undermined the opinion of the international community of Russian energy intentions (Hashim, 2010; Trenin, 2007). Vladimir Putin, is a political figure and the ultimate energy decision-maker, who occupied the country's major posts as the President between 2000 and 2008 and the Prime Minister afterwards, returning to the Presidency in 2012. Vladimir Putin took an affirmative course to overcome international

'humiliation', facilitating a resurgence of Russia's weight in foreign politics and economics, based on the development of energy industries and their financial, technological and other capabilities. The energy prices and the growing international demand for gas during mid-2000s favoured Russia's goals and put it in an advantageous position as the main gas exporter to Europe (until 2015 when oil prices dropped considerably).

Under President Vladimir Putin energy became a core of Russia's foreign policy agenda and the essence of Russian national interests abroad (Klare, 2008; Rutland, 2008). Russian references to energy security are reflected in key Russian official documentation: three Foreign Policy Concepts of the Russian Federation (adopted in June 2000, July 2008 and February 2013), the National Security Concept of the Russian Federation (approved in January 2000) and the National Security Strategy of the Russian Federation until 2020 (adopted May 2009). All of the above documents point to energy security as one of the country's general priorities of strategic policy making[31].

Consequently, Russia's ways to increase its international energy dominance through a range of geoeconomic tools that are used for political purposes (resulting in supply disruptions and selective price policies with individual countries that are to be discussed further) gradually contributed to Russia's title as an 'energy superpower'. The term 'energy superpower' is applied to energy-endowed Russia and often has historical connotations with aggressive and coercive intentions, military power and nuclear contestations (Klare, 2008; Larsson, 2006; Rutland, 2008; Milov, 2006b; Baev, 2008; Smith, 2011). According to Klare (2008: 88) 'Nothing better exemplifies the altered power relationships of the new international energy order than the emergence of Russia as an energy superpower, capable of leveraging its extraordinary resource abundance into immense geopolitical influence'.

Translating Russia's superpower energy policy image into the wide array of positivist academic literature, Western scholars describe Russia's energy policy in terms of: Russian economic imperialism and energy geoeconomics (Smith, 2004; Baev, 2008; Wigell and Vihma, 2016), divide and dominate approach (Smith, 2008; Baran, 2007: 131), strategic manipulation (Stulberg, 2007), energy 'mercantilism' and power greatness (Baev, 2010), energy weapon and a foreign policy tool (Lucas, 2012; Aalto, 2012; Smith, 2011), and instrument of power (De Haas, 2010). Much of the identification of the Russian international energy behaviour stems from the Soviet era

[31] For more information see the website of the Ministry of Foreign Affairs of Russia at http://www.mid.ru/bdomp/ns-osndoc.nsf/osndd!OpenView&ExpandView.

and the geopolitics of the Cold War. Mey (2004: 73) projected Russia's behaviour aimed to regain its role as the Eurasian great power could be spilled-over to other historical spheres of influence as CEE countries. Thus, Russia's attitude towards the European gas market can be characterised by a three-fold approach, consisting of:

> *co-optation* - cultivating partnerships with certain countries, political leaders and corporations as levels of its interests; *pre-emption* - using upstream [involved in exploration and extraction] power and Russian diplomacy to manipulate situations downstream [corporations that process the raw material] and to scoop up assets; and *disaggregation* – splitting the EU through bilateral deals (citation of Robert Amsterdam in Malhotra (2007).

Energy related supply disruptions from Russia in the mid-2000s significantly contributed to a growing academic consensus that 'Russia employs non-transparent, monopolistic and coercive energy politics to expand political leverage over near neighbours and key EU states (Tardy, 2009: 103). This scholarly image corresponds to the conceptualisation of Russia that exists in the EU (with slight variations in-between the EU MSs and on the pan-European level in Brussels). A variety of official speeches and publicly available information reinforce this shared perception in the EU institutions about energy being used as a political tool (Oettinger, 2011; Interview 4). Similarly, European Parliament Resolution (2012) confirms the existence of 'external pressures and attempts to use energy supply and prices as a tool of foreign policy pressure'.

According to Misik (2015: 210), 'Russia favours a situation where it can negotiate with member states on a bilateral basis as it has greater influence that way' and gain better bargaining positions. In addition, through utilising negative tools of influence (such as direct supply disruptions or use of high gas prices) and appealing 'rewards' for the EU MSs (including mutually beneficial bilateral energy deals with individual EU MSs or asset swaps) Russia creates 'divergent pressures on EU members and thus weaken the cohesion of the EU' (Wigell and Vihma, 2016: 611). As Wigell and Vihma noted:

> A geoeconomic operation, if applied successfully, can be expected to generate a more dispersed threat perception in a target country or coalition than a geopolitical operation (Wigell and Vihma, 2016: 611).

By using the above geopolitical and geoeconomic tools, Russia also opposes the EU's growing normative power hegemony and its pan-European constituency. Russia tends to get on board the most prominent and 'pragmatically-minded' EU MSs (like Germany) based on the difference of their identity from other EU MSs (Morozov, 2012: 42). In

particular, relationships with Germany were chosen as the key door towards influencing the EU policy-making, making Germany 'a target of Russia's carrot-orientated gas policies—or wedge strategy—which has resulted in German politicians not favouring EU unity in external energy security issues' (Wigell and Vihma, 2016: 616). It also means that the EU normative power aspirations fail when it comes to energy security, which for some EU MSs is a part of national security, as the EU MSs follow their own route to energy relations with suppliers. Regardless of whether Russia has a cliché of an energy superpower identity, or just the identity of a prominent country with a defined set of energy interests, it is still perceived as alienated, being 'the other' for the EU (Morozov, 2012: 41-42), against which the EU can relate itself (Neumann, 1999; De Buitrago, 2012). Casier (2011: 538) attributed the EU-Russia energy disagreements deriving from changing EU and Russian identities rather than unexpected insecurities, which will include not only energy identity and interests, but a broader aspects of Russia's foreign policy position.

Is seems that EU's perceptions of Russia are often influenced by not necessarily Russian energy policy, but rather its general foreign policy image. Belov (2012: 83-97) stated that multifaceted historic events and the past trigger external perceptions about the image of the country. Such subjective images and stereotypes of a country's image are shaped gradually. It is not always possible to separate the general foreign policy perceptions of a country from the energy economic dimension as energy has become a widely used political issue, therefore the meanings are often intertwined and blurred, especially in the Russian case. Rigmar (2002) explained the Russian foreign policy course as being based on other countries that accept its image. Energy superpower identity Russia seems to be an example of how the external perception of Russia is constructed (Wendt, 1999), bringing historical stereotypes of the Cold War and negative collective memories of the power struggle to generate such an image (Rutland, 2009: 187), especially in Eastern European countries.

Russian authorities do not share the negative 'superpower' image and EU's 'generalised stereotypes', trying to oppose EU's political constructions and putting labels. Hence Russia does not deny the country's might and leadership either. One of the main critics of putting any label of the concept of 'energy superpower' on Russia is Vladimir Milov, the head of the Institute of Energy Policy and a former Russian Deputy Energy Minister, who calls it an 'illusion with no basis in reality' (Milov, 2006b). President Vladimir Putin referred to superpower as:

> the word we used during the Cold War. And the Cold War is over. I have never referred to Russia as an energy superpower. But we do

> have greater possibilities than almost any other country in the world. If put together Russia's energy potential in all areas, oil, gas, and nuclear, our country is unquestionably the leader (Yergin, 2011: 40).

Regardless, the negative claims about Russia posing political threat to other countries are contradicted by OECD risk assessment research. In the OECD 'Country Risk Classification'[32] based on a progressive scale from 0 (no risk) to 7 (highest level of political risk), Russia consistently scores 3-4 since mid-2000s compared to other gas suppliers like Libya or Iran whose position fluctuates around 6-7 (OECD, 2014a). The median positioning in the political risk-scale helps to believe that the dangers of energy assets expropriation and concerns about doing business with the Russian energy companies are a much lower risk that some EU MSs believe. Some scholars are also less critical about Russia's energy actorness. For instance, Henry (2010: 3) presented a rather tolerant view of Russia as a potential energy threat. He stated that possibilities of source risks (connected with resource nationalism and armed conflicts) and transit risks (disruptions) in Russia are low and medium (respectively) compared to the Central Asian region or the Middle East.

Hitherto, the Russian energy foreign policy image remains contradictive and much speculated about, which ultimately impacts Russia's relationships with the EU. In addition, cultivating Russian superpower identity endangers the prospective of partner-like energy relations with the EU and its members as it impacts Russia's self-image, through the constructed effects of a self-fulfilling prophecy, described in the theory chapter (Wendt, 1999: 263). As a result, it can only increase Russia's 'temptation' to legitimise and justify its behaviour by the image that has been constructed in the EU and imposed from abroad (Interview 2).

5.2.2. Gazprom as a Consolidator of Russian Energy Interests

In the period of 2004 and 2012, the best way for Russia to reach its strategic energy goals was through the concentration of energy assets in the hands of the state. Contradicting Friedrich Hayek's western neoliberal ideas about the fatality of governmental intervention into business and the lack of economic virtues of the state-owned companies (Hayek, 2001), Vladimir Putin's intentions were marked by a rather harsh re-nationalisation of the energy resources, assets and strategic energy companies (Klare, 2008; Perovic and Orttung, 2009), like in the example of the famous

[32] The country risk is composed of transfer and convertibility risk (*i.e.* the risk that a government imposes capital or exchange controls that prevent an entity from converting local currency into foreign currency and/or transferring funds to creditors located outside the country) and cases of force majeure (*e.g.* war, expropriation, revolution, civil disturbance, floods, earthquakes).

Yukos case. Governmental control was established over earlier privatised energy resources, businesses and most of the energy assets, including the two national energy giants – oil company Rosneft and gas company Gazprom.

Gazprom is a vertically integrated company[33] that holds a monopoly on energy export[34], with the state controlling 50.002% of company shares. Despite the number of other domestic energy players on the Russian gas market (like Novatek, TNK-BP; LUKoil, Bashneft; ITERA, Surgutneftegaz and others) Gazprom holds the majority of upstream production and gas export to Europe (Table 1).

Table 1: Key Energy Indicators of Russian Gas Industry, 2004-2012

Years	Domestic Gas Production in Russia, bcm	Domestic Gas Consumption in Russia, bcm	EU Primary Gas Imports from Russia, %
2004	573.3	393.1	43.6
2005	580.1	400.3	40.7
2006	595.2	408.5	39.3
2007	592.0	422.1	38.7
2008	601.7	416.0	37.6
2009	527.7	389.6	33.0
2010	588.9	414.1	29.5
2011	607.0	424.6	31.0
2012	592.3	416.2	32.0

Source[35]: BP (2013: 22-23) and (Eurostat, 2014c)

In the attempts to diminish the negative effects of a resource-based economy, also known as the 'resource curse' (Ahrend, 2005; Ellman, 2006), the new Russian government took a course towards the development of the carbon economy based on oil and gas production and export. Russia remains the biggest energy endowed country in the 21st century, remaining one of the key energy producer and exporter in the world.

[33] A vertically integrated company is a firm that participates in more than one level of a supply chain (e.g. import/production, supply, transmission, distribution).

[34] Since Gazprom is governmentally owned and has monopoly on gas export, it is often used interchangeable with the 'Russian state' in the mass media and the energy scholarly debates, which is a social construction in itself.

[35] There exist differences between statistical approaches in Russia and international standards, as Russian statistical indicators are considerably higher. For instance, according to the 'Central Dispatch Administration of the fuel and energy complex' (SE "CDU TEK") in Russia, the production of gas in 2010 was on the level of 620 bcm (which is considerably higher the BP data of 588 bcm). However, the trend in fluctuations of the indicators tends to be comparable.

In 2012 Russia contained 17.6% of proven natural gas reserves in the world, making it the world's second largest gas endowed country (BP, 2013). The largest part of these proven reserves is controlled by the state-owned company Gazprom, either directly or through joint ventures.

The unified gas supply system in Russia, inherited from the Soviet time and newly built, includes around 162 000 km of pipeline grids and 25 underground gas storage (UGS), mainly owned by Gazprom (Ministry of Energy of the Russian Federation, 2011). The developed pipeline infrastructure enables the country to export gas to almost all the EU MSs, making energy supply the main basis for cooperation (and consequently disagreements) with other countries. Countries of the former Soviet Union occupy the first destination for Russian gas, followed by Europe, Turkey and Asian countries. In fact, Germany is the main gas importing country in the EU and so far has been the key Russian energy partner.

Predictably, Russia uses its advantageous energy endowed position to provide economic sustainability and financial development for the country. The primary way to achieve these ends is through state-owned and state-controlled national energy champions. Therefore, the Russian government uses Gazprom as a mean for reaching its macro- and micro-economic targets as well as foreign policy goals (Smith, 2008; Rosner, 2006). 'Gazprom's market capitalisation has become a key indicator of Russia's international status' (Baev, 2008: 117).

Since Gazprom is an economic and political hybrid it has a difficult task to balance the commercial interests of investors (maximising profit and pursuing a cost-effective policy as an Open Joint Stock Company), and the legitimately strategic political goals of the state, as the state is the key shareholder of Gazprom. Such a multi-faceted position provides Gazprom with the flexibility and leeway to act accordingly, justifying its selective policies on either economic or political grounds. This logic drives Gazprom to pursue a rather politically biased course of action, according to the rules and norms that are perceived proper and legitimate in a particular situation, substituting its role as a commercial actor and a state security provider, when needed[36].

As a profit-driven company, Gazprom remains the main financial tax-paying source into the country's budget and a major source of employment (Dergunova, 2008: 88). Under

[36] For more information about Russia's behaviour in the logic of appropriateness see March, J.G. 1994. *Primer on Decision Making: How Decisions Happen.* New York: Free Press.; Sending, O.G. 2002. Constitution, Choice and Change: Problems with the `Logic of Appropriateness' and its Use in Constructivist Theory. *European Journal of International Relations.* **8**, pp.443-470.

the commercial logic, the company pursued a rather 'successful'[37] international energy approach of expanding its gas export portfolio in Europe and the rest of the world, diversifying the transmission routes and maintaining security of demand (Gazprom, 2013). Gazprom's strategic goal is to 'become a leader among global energy companies by developing new markets, diversifying business activities and securing the reliability of supplies' (Gazprom, 2012c). That is how Russia often constructs and 'justifies' its incentives for getting access to downstream activities, pipelines and UGSs in other countries, as well as significantly increasing gas prices for previously subsidised post-Soviet countries like Belarus, Ukraine, Georgia to bring them in line with market process. Since 2002, Gazprom's export strategy has been based on profit maximisation (focused on high gas prices rather than volumes of sold gas), control of upstream production, access to downstreams and the end-customers in Europe. It also included gas take-or-pay[38] contracts with the energy industries from the EU MSs (that were often supported by the inter-governmental agreements (IGAs)), and diversification into direct routes to the EU, circumventing transiting states (Mitrova, 2012), that are believed to be beneficial in the long-run due to the non-existing transit fees.

Meanwhile, Gazprom's expansionist energy strategy has been largely perceived as menacing and dominating in the EU, since Gazprom buys energy assets, shares in companies, interconnectors, pipelines, downstreams, UGS and possible energy projects in EU countries (Oettinger, 2011; Interview 4). Already in 2006, Gazprom had significant stakes in the majority of the EU-27 companies, such as 50% of Wintershall Erdgas, 49% of Ditgaz, 100% of Zarubezgas Erdgashandel in Germany and ownership of up to 50% of shares of gas companies in Poland, France, Hungary, Slovakia, Greece, and Bulgaria (Kupchinsky, 2006). Until recently, it has been controlling the whole process from production to delivery to end-consumers (Tardy, 2009: 103-104).

Regardless of the validity of the economic arguments and the rationalisation behind Gazprom's gas policy-making in relations to its European partners, there has been always an element of political involvement. For a long time the state-owned and state-operated company was subsidising its domestic energy market with low gas prices (by that protecting country's national interests in chemical and steel industries) and was actively involved in regulating the gas wholesale prices and tariffs for pipeline

[37] However, some energy analysts raise doubts over the route choice and commercial viability of the Nord Stream, as well as criticise Gazprom's wasteful sponsorship of irrelevant enterprises and events (like football championships, Olympic Games 2014) not mentioning corruption in the gas industry.

[38] 'Take-or-pay' is a provision in the contract between supplier and consumer, that the consumer is obliged to take the agreed volume of gas or pay for it a penalty (even if it is not taken).

transportations. Furthermore, under direct political guidance Gazprom has been involved in the economic diversification strategy by creating pipeline overcapacities in the European direction (through mainly costly offshore pipelines like the Blue Stream, Nord and South Streams and recently the Turkish Stream) to avoid political conflicts with the transiting states (Gotz, 2008: 59-61). Gazprom also attempts to diversify its energy supply away from the lucrative and well-established European markets to the new Asian markets, having signed the biggest 30-year pipeline gas supply contract with China in 2014 (Gazprom, 2014a).

In legislative terms, the Russian state shapes Gazprom's business strategy through legislative acts, trying to assist country's economic development (Gazprom, 2012c). Just a few indicative examples can be presented. One of the first steps was to allocate exclusive gas export rights to Gazprom through adopting the Federal Law 'About gas export' in 2006 (President of Russia, 2006), that was modified in 2013, allowing more companies to export LNG. Another example of promoting Gazprom's domestic governmental control was the law, which restricted private and foreign companies from developing upstream oil and gas reserves (under the explanation of difficulties in guaranteeing the investments)[39]. Thus, in 2008 the government and parliament agreed on a law, allowing the government to allocate strategically important energy deposits in off shore reserves without auction. Since only state-owned and 5-year experienced companies could be considered legitimate to develop the Russian continental shelf[40], in practice it meant that two national industries Gazprom and Rosneft have monopolised this exploration.

In addition, the protective governmental stance was openly and legitimately acknowledged by Vladimir Putin's Executive Order of 11 September 2012 'On Measures to Protect the Interests of the Russian Federation during Engagement by Russian Legal Entities in Foreign Business' (President of Russia, 2012). The new law prohibits open joint stock companies undertaking any activities that might damage the economic interests of the Russian Federation. Consequently, Gazprom is restrained in disclosing such information to foreign authorities, selling their strategically important assets to foreign companies, or amending energy contracts without governmental approval. The above examples highlight the national importance of energy resources for the Russian state and the political means that the Russian state uses to follow its

[39] With a few exceptions of Lukoil that got a share in the Caspian sea exploration; Novatek that has easier access to licences, upstream assets, tax exemptions; French Total and Norway's Statoil are involved in the off shore project in the Barents Sea; and Royal Dutch Shell signed an agreement on the 8th of April 2013 about cooperation in the Arctic region.

[40] It includes Sakhalin II and III; Shtokman; Prirazlomnoye and Dolginskoye; Severo-Kamennomysskoye and Kamennomysskoye-Sea fields.

energy strategic interests (Yergin, 2011: 32-42; De Haas, 2010: 66-67, 125-130; Aalto, 2012).

5.2.3. Russia's Energy Conflicts with the Transiting States: Implication for the EU

Russia's quest for assertiveness and its aspiration for international recognition under Vladimir Putin led the country to use energy as political and economic instruments, demonstrating its authority to the whole world. The country uses a variety of approaches (such as price increase, supply termination and purchase of the key energy assets and energy company shares) to establish its presence and influence in former Soviet Union countries, which Russia considers to be its area of pronounced geopolitical and privileged interests.

The perceptions of Russia's energy approach vary among Russian and Western scholars and analysts, as well as in the official statements of the involved parties, which have radically different perspectives on the gas disruption events. Since conflicts between Russia and the transiting states have been thoroughly analysed by many scholars (Smith, 2004; Balmaceda and Rosner, 2006; Balmaceda, 2008; Pirani et al., 2009; Yafimava, 2011), the chapter offers just a brief overview of the nature of these energy transit disputes. The aim is to explain European vulnerability to physical disruption in gas supply as an energy security threat and discuss repercussions on the energy security perceptions in the EU.

The importance of Ukrainian and Belarusian transit routes for Russian gas to Europe can be inferred from the statistical evidences. Until the Nord Stream was built, around 80% of Russian gas flows went through Ukraine (through the Soyuz and Brotherhood that is also known as Druzhba pipelines), with the remaining 20% through Belarus, which is a part of Yamal-Europe transmission system (Stern, 2006; Aalto, 2008). There are several major export pipelines that deliver Gazprom's gas to its main consumers in Europe and a few that were planned to be built (Figure 1).

Figure 1: Russia's Pipeline Network to Europe

Source: (The Economist, 2009)

The major transit risks were revealed all the way through 2000s, when energy disruptions to Europe occurred due to Russian conflicts with Ukraine and Belarus. Being Russia's diplomatic allies in the Commonwealth of Independent States, since the dissolution of the USSR, Russia supplied gas to these countries at lowered prices, subsidising their economies for a range of economic and diplomatic concessions, and a Moscow-loyal political course (Klare, 2008; Baev, 2008: 73).

In the Belarusian case, the long-term strategy of purchasing energy stakes in the Commonwealth of Independent States reached Belarus in 2000s, when Russia became interested in purchasing the gas infrastructure company Beltransgaz (which by 2011 became a wholly-owned subsidiary of Gazprom). Both Belarus and Russia were involved in the protracted political and economic manipulations in 2004, 2007 and 2010 during energy contract re-negotiations. The manipulations included mutual concessions and power games of 'sticks and carrots', threats of non-payments for the gas, possibilities of cutting off energy transit routes to Europe through Yamal-Europe pipeline and the increase of the gas transit fees (Balmaceda and Rosner, 2006; Nygren, 2008; Yafimava, 2011). The failure of Belarus to fulfil its contractual obligations, energy price payment disputes between Russia and Belarus and Russia's reluctance to

provide further concessions resulted in temporary energy disruptions to the country. These included gas disruptions in January-February 2004, oil interruptions through the Druzhba pipeline that leads to Europe[41] in January 2007 and gas conflict in June 2010 due to Russia's failure to pay the increased revised transit fees through Belarus to Europe (that posed temporary concerns of the Baltic States).

In the meantime, similar confrontations but on a bigger scale occurred during energy contract renegotiations with Ukraine, escalating in the winters of 2005-2006 and 2008-2009. The misunderstandings and conflicts between Ukrainian and Russian political elites, triggered by anti-Russian and pro-Western changes in the Ukrainian government during the Orange Revolution of 2004-2005, spilled over into energy disputes in 2006 and 2009. The officially stated grounds for disagreements were the increased price for Russian gas; the inflexible volume of Russian gas that Ukraine has to buy; Ukraine's non-fulfilment of its contractual obligations to pay the increased price; Ukraine's decision to withdraw unauthorised fuel from the shipments destined for the EU after Russia cut the gas supply for Ukraine, and Ukraine's attempt to raise transit fees (Pirani et al., 2009; Yafimava, 2011). In the aftermath the 2009 crisis, Ukraine and Russia signed two separate agreements, distinguishing between the transit gas deliveries to the EU from supplies to Ukraine for the internal consumption (Gazprom, 2014b), which aimed to enhance certainty in supplies to the EU. Hitherto, Ukraine keeps struggling to pay the established gas price, taking loans from Gazprombank and Internationally Monetary Fund[42] as well as since recently trying to organise gas supplies from Europe through the reverse energy flow.

Interestingly, the most significant energy disruptions to European countries took place in autumn 1992 and February 1994, when for more than a week German supplies were decreased by almost 50%, and Italian and French customers under-received up to 20% from the amount indicated in their contracts (Stern, 1995: 60-61). Nevertheless, energy supply issues were not brought to the wider public attention and the process of energy securitisation or even politicisation did not start then and there in early 1990s, when Russia was politically and economically weak and insignificantly important on the international stage. Stern (1995) believes that another reason for non-securitisation and non-politicisation of energy flows in the 1990s was that the disruptions occurred

[41] Mainly to Poland, Hungary, Czech Republic, Slovakia and Germany.

[42] Despite the time-frame for this research ending at 2012, the years of 2012 and 2014 were characterised by the continuation of the gas price disagreements, exacerbated by Russian-Ukrainian political tensions around the Crimea annexation to Russia in 2014 and escalation of the conflict to the Eastern parts of Ukraine. Having an additional gas discount from Russia in 2012 until 2015, Ukraine had still failed to comply with its contractual supply obligations, accumulating significant debts for Russian gas. On the basis of strict gas contract provisions, Russia raised the prices for gas to Ukraine in April 2014.

not during the peak winter periods, when stable energy supply is more salient. Thus the EU countries managed to deal with the economic consequences swiftly and relatively pain-free.

Energy security became initially politicised in the Copenhagen School terms in the first half of the 2000s (Waever, 1995; Buzan et al., 1998) by becoming a frequent topic on political agenda at EU summits and the EU-Russia Energy Dialogue meetings. Hence, there were no grounds for securitisation steps in early 2000s. Russia at this point had not been viewed as an energy threat but rather, 'despite difficulties… always fulfilled its supply obligations under its long-term contracts with the European Union' (European Commission, 2000: 23). According to Jonathan Stern from the Oxford Institute of Energy Studies, in 2004 there was a 'surplus of supply', 'slow growth in gas demand' and 'little problem about the general availability of gas in European Union countries' (Stern, 2004).

In 2000 in the Green Paper 'Towards a European strategy for the security of energy supply', the European Commission noted growing external European energy dependence and the inadequate attempts of EU MSs for quantitative minimisation of the reliance on external energy sources in the aftermath of the first oil crisis (European Commission, 2000: 28-29). Initially, the emphasis was that European 'security of supply does not seek to maximise energy self-sufficiency or to minimise dependence, but aims to reduce the risks linked to such dependence' (European Commission, 2000: 3). Growing reliance on energy imports from non-EU countries and the high oil prices of the late 1990s were presented as a potentially evolving problems and new concern for security of supply in the future (European Commission, 2000: 61), but not as an acute current issue needing urgent actions. In order to enhance long-term energy security in the EU, the Commission advocated for the 'Community dimension' of EU common energy interests (European Commission, 2000: 3, 28).

In Brussels, alertness to the security of energy supply has been gradually growing after the first supply incidents between Russia and the transiting states in mid-2000s, becoming reflected in EU official documentation and strengthened security language in the EU public discussions (Council of the European Union, 2004; European Commission, 2006: 7-9). The Directive of the EU Council 2004/67/EC 'Concerning measures to safeguard security of natural gas supply' reinforced EU security of supply concerns, which were accelerated by EU enlargement of 2004 and expanding its borders to more energy dependent and vulnerable countries (Council of the European Union, 2004). The same Directive finally defined the meaning of 'major supply disruption' as when 'the Community would risk to lose more than 20% of its gas supply

from third countries and the situation at Community level is not likely to be adequately managed with national measures' (Council of the European Union, 2004: 127/93). As an additional step, in May 2007 the European Commissioner for External Relations and European Neighbourhood Policy and EU Energy Commissioner launched a mechanism for enhancing the EU's external energy security, called the Network of Energy Security Correspondence (NESCO). NESCO was endorsed in 2007, aiming for 'collecting and processing existing geopolitical and energy related information and to provide an early warning tool to support the Union's overall strategy with the aim of ensuring the security of energy supply' (Council of the European Union, 2006b: 15).

The anticipated threat of energy supply disruption in mid-2000s became a reality for the EU during the crisis of 2009 between Russia and Ukraine, when immense cross-border supply disruptions for many EU MSs occurred. Subsequently, due to Russia-Ukraine misunderstandings in 2009 the gas flow was interrupted to 18 European countries in the winter of 2009: Bulgaria did not receive 100% of its gas, Slovakia under-received 97% of its normal supplies, Czech Republic – 71%, Austria – 66%, Slovenia – 50%, Hungary – 45%, Poland - 33%, around 60% of German Southern corridor, comprising 10% overall for Germany (Westphal, 2009: 22-23). For many EU countries it was definitely more than 20% of gas disruption identified by the EU Council Directive 2004/67/EC. The energy crises jeopardised the EU's short-term and mid-term perceptions about Russia, contributing to the negative image of it being an unreliable and non-credible gas supplier (Baev, 2008: 157), using energy as a foreign policy tool (Smith, 2008; Lucas, 2012). The 2009 gas crisis triggered EU energy concerns about Russian energy policy tactics, accelerating anti-Russian rhetoric within the EU.

The key trepidations within the EU MSs were that Russia might apply the same political tool to deliberately disrupt the supply to Europe, from which the most energy import dependent CEE countries will suffer. The EU official commented on the situation by saying that 'sometimes you are afraid of something to happen and it happens because you are afraid' (Interview 6). At times, the anticipations of the negative effect might instigate the negative dynamics of energy crises. In other words, what the possible future material effects will be from a situation that has not yet come to be. Thus while the ultimate effects might be material, the perceived uncertainty about future threats, risks and insecurities are ideational (Buzan *et.al*., 1998). The same EU official clearly attributed the European energy security 'paranoia' coming from a perception that there is a vulnerability of the MSs as 'the examples of supply interruptions projected its effect on member states that have not suffered yet' (Interview 6).

The energy crisis exposed many salient weak points in European energy policy and was destined to become a turning point from energy politicisation, in the Copenhagen School's terms, into the area of 'panic politics' and securitisation (Buzan et al., 1998). The stage of politicisation was aggravated and transformed to the level of securitisation of energy supplies from Russia, presenting it as a threat. The EU Declaration on the Russia-Ukraine Problem and Energy Security 2009 by the EU Council, reinforced the importance of solidarity within the Union and referred to gas interruptions as 'a problem for the EU as such' and not just individual EU MSs, causing European energy insecurity. The crisis indicated the need for binding 'internationally recognised principles' and the 'conditions for a long term solution' (Council of the European Union, 2009). Therefore, supply disruptions confirmed the necessity for the EU to be unified and institutionalise energy solidarity principle in the EU legislation (to be discussed in Section 5.3.1.).

Energy supply vulnerability triggered a range of immediate crisis responsive reactions, legal procedures and reactionary and preventative measures for EU MSs to enhance internal and external energy security and some gradually planned policies. The adopted Gas Supply EU Regulation concerning measures to safeguard security of gas supply 994/2010 (European Parliament and the Council of the European Union, 2010), was focused on the creation of the Gas Coordination Group. It raised the importance of EU interconnectedness and the reverse flow to take gas to where it is most needed, and enhanced common infrastructure and supply standards, introducing obligatory 30-day storage of natural gas for energy EU MSs in case of unexpected gas disruptions. The EU MSs were obliged to develop the Preventive Action Plan and Emergency Action Plan in accordance with the same EU Regulation 994/2010. Those measures were directed to assess the risk of disruptions and prevent or mitigate the consequences and costs of energy supply risks. In addition to that, in 2011 the Information Exchange Mechanism was established by the Decision of the European Parliament and of the Council (994/2012/EU). This Mechanism covered new and existing bilateral IGAs with other countries in the field of energy that have an 'impact on the internal energy market or on the security of energy supply in the Union' (2012: 13).

In 2009[43] the EU and Russia agreed a memorandum that introduced the Early Warning Mechanism that would provide joint actions and a rapid reaction in case of any energy supply emergency situation, or even a threat of such situation (European Commission, 2011d). This Mechanism defined an emergency situation as a threat of disruptions from Russia. The amount of emergency securitisation measures introduced in the short-

[43] The Early Warning Mechanism was updated in 2011.

term, but with the intention of having long-term effects, indicates that security of energy supply became an acute problem for the EU, accelerated by the 2009 gas crisis, rather than the illusive possibility as was regarded before.

The analysis of Russia's energy interests and identity presented in this Section 5.2. was pursued for the purpose of revealing the key external factor to EU's energy insecurity. Being built as a part of its foreign policy approach, Russia's energy policy towards other countries influenced European energy security and created energy threat perceptions of the EU MSs. As a reaction to the external energy threat, the EU pursued a variety of securitisation steps, which became a large part of perception-based policies and a broader EU energy security approach. The latter will be supplemented with the EU's internal incentives to maintain its energy security mainly through the development of EU's common domestic energy market and commonly shared principle of solidarity (Section 5.3.1.).

5.3. The Formation of European Energy Security Interests and Identity between 2004 and 2012

Being affected by changes in the international energy environment and a range of already explored material factors (like energy source endowment, level of energy import dependence, and external energy threats posed by Russia's energy policies), the EU has been trying to create a European energy policy, placing energy security at the heart of political and economic debates domestically and internationally. The Green Paper of 2006 'A European Strategy for Sustainable, Competitive and Secure Energy' presented the multi-dimensional three-fold key objectives of the European energy policy, focusing on sustainability, competitiveness and security of supply (European Commission, 2006). In accordance, energy security challenges included growing energy import dependence, the urge for investments in energy infrastructure, higher prices, increased global demand for energy and the competition for scarce resources, threats to the security of energy supply and changes to Europe's climate (European Commission, 2006: 3-4). Followed by the 5 year Action Plan for Energy Efficiency and the EU Energy Security and Solidarity Action Plan of 2008 (European Commission, 2008), the idea of energy security encompassed a whole range of climate and energy efficiency targets that should complement the objective of secure energy policy for

Europe[44]. However, since security of energy supplies is the precise focus of this thesis, and a growing concern for the EU, other dimensions of EU energy policy will be referred to indirectly.

As was mentioned in Chapter 3, the thesis utilises a general definition of the European security of energy supplies that was described by the EU Commission as *'uninterrupted availability of energy sources at an affordable price***'** (European Commission, 2006: 6; IEA, 2013b). One of the most salient messages the EU has been delivering to its MSs is that reaching overarching EU energy security can be possible only through acting under the commonly shared principle of solidarity. Therefore, Section 5.3.1. explores the EU's attempts to promote solidarity in the external and internal dimension of energy policy as an essential precondition to domestic and international energy security (European Commission, 2006; Council of the European Union, 2004; European Parliament and the Council of the European Union, 2010). Through a variety of compulsory gas and electricity directives and other imposed legally binding goals, the EU directly and indirectly facilitates and constraints the development of the energy market and the security of supply of its MSs. Nevertheless, since most of the energy decision-making power is still concentrated under the EU MSs competences, the Union's efforts to promote solidarity on the domestic energy market and the 'Community dimension' of the EU common energy interests (European Commission, 2000: 3, 28) are slowed down by the individual member states (Howorth, 2010). Therefore, problems with solidarity in this section are treated as a reflection of the EU's incoherence of its interests and policies, which are empirically examined as a constituent part of the Jupille and Caporaso's actorness framework in Section 5.3.2.

5.3.1. Solidarity as a Precondition to European Energy Security

The European Community has tried to bring the MSs together to treat each other in the 'spirit of solidarity' from the early 1950s, be it in relation to external threats, foreign policy, economic relations or the energy market. In the aftermath of World War Two countries in Europe looked for ways to provide effective energy cooperation and mutual dependence within present EU borders and beyond (mainly through the foundation of the European Coal and Steel Community and EURATOM). Since then, the use of the term 'solidarity' was widely present in most of the EU official documents and treaties. Starting from the Treaty of Rome (1957) the solidarity notion was used in general terms

[44] For instance, as a causal explanation of the imposed challenges of EU internal legislation on the MSs and implications for choosing specific energy mixes in Poland and Germany, binding 20-20-20 climate energy targets should be mentioned. The EU aims by 2020 to reduce greenhouse gas emissions by 20%, increase by 20% energy efficiency, and to reach 20% of renewables in total energy consumption in the EU.

that united Europe, then it found its reflection in the Maastricht Treaty on European Union, where solidarity was referred to Union's external and internal security policy, supporting it 'actively and unreservedly in a spirit of loyalty and mutual solidarity' (1992: Article J.1). The Treaty of Amsterdam also mentioned the enhancement of political solidarity (1997: Article 11 (ex Article J.1), as well as economic and social cohesion (1997: Article 2). Finally, the modified Constitutional Treaty – the Treaty of Lisbon in 2009 has legally bound the EU and its MSs in the 'Solidarity Clause' to 'act jointly in a spirit of solidarity if a Member State is the object of a terrorist attack or the victim of a natural or man-made disaster' (2007: Article 222). The former President of the European Parliament, Jerzy Buzek, during his speech at the Conference on solidarity (Buzek, 2011), defined solidarity as the 'will of acting together', calling it 'almost a constitutional principle', as the term 'solidarity' was used more than a dozen of times in the quazi-constitutional Lisbon Treaty.

Thus the context denoting solidarity in the EU has been evolving around economic, political and external security. However, it was the Lisbon Treaty (mainly its Consolidated version) that brought the solidarity principle to the community level, emphasising a commonly shared rather than individualistic approach to energy issues. For the first time, this principle was normatively present in direct application to energy through the 'creation and functioning of the internal energy market, security of energy supplies, interconnectedness of the networks and energy efficiency' (European Union, 2010, Article 194: 134). The principle of energy solidarity was related to the goals of enhancing domestic and international energy security.

Therefore, solidarity of the EU MSs in both internal and external dimensions of EU energy policy was a precondition to energy security. Internally, energy solidarity aimed to unify the EU MSs in the creation of efficient, well-functioning and inter-connected energy market (with the deadline for the EU MSs to transpose the Gas Directive 2009/73/EC into national law until the 3rd of March 2011), develop network interconnectedness inside the EU and promote energy efficiency. Whereas externally, mutual energy solidarity dealt with energy supply disruptions by introducing a coherent energy approach towards third countries,[45] diversification of supply sources and routes, market integration with neighbouring states and security of gas supply (European Commission, 2011a). Brussels strongly believed that external energy policy was crucial to completing the internal energy market (Oettinger, 2010a). The intertwined nature of

[45] For more information about the initiatives launched by the EU on developing an EU external energy policy after 2007, see European Commission. 2007. *Developing External Energy Policy for the EU.* [Online]. [Accessed 19 July 2014]. Available from: http://europa.eu/rapid/press-release_MEMO-07-533_en.htm.

the internal and external European energy approach is imperative to understanding the challenges the EU has been facing in its interactions with Russia.

So far the EU struggled to become a prominent international energy actor with coherent and commonly shared energy interests among all the EU MSs. Hitherto, the Union was unable to incorporate third countries beyond current EU borders in the promotion of energy security. Section 5.1. clearly demonstrated the lack of multilateral frameworks and poor performance of bilateral EU-Russia frameworks that would provide a basis for regulating relations between energy producers, transiting states and consumers that could cover the energy interests of all the involved parties. Given the unremarkable external energy policy achievements of the EU and poorly performed foreign policy dimension of energy security (Youngs, 2009: 4), the escalating impasse in EU-Russia mutual understanding over energy and a failure to deal with the external energy supply crises, the EU has been searching for internal solutions. The Union realised that security of supply would be inefficient anyway if there is insufficient underground storage, technical infrastructure to re-organise energy flows within the EU, and commonly shared market-based principles (European Commission, 2011b: 13). The most plausible approach the EU has chosen was to commit the EU MSs to the development of the internal energy market with a wide network of interconnectors and commonly shared energy market rules. By engraving the general principle of solidarity in the Lisbon Treaty and by implementing the more detailed three-fold legislation of energy market liberalisation packages, the Union seems to have an ultimate aim to create internal economic 'rules of the game' for not only the EU MSs, but also to a wider Europe. By 'exporting' its domestic energy market rules and the EU principles to other countries (European Commission, 2011a; Youngs, 2009:19, 30; Aalto and Korkmaz Temel, 2014: 761), the EU hoped that non-EU countries like Russia will have to consider this in cross-border gas trade, and will have to comply with liberalised internal European market principles. The prospect that Russia will eventually agree on the new provisions of the liberalised EU gas market would be a bonus for external European energy security. Therefore, internal solidarity and the commitment of EU MSs to build common energy market would facilitate changes in the external dimension of the EU foreign energy policy. Delivery obligations, competition in price formation and regulations about energy asset ownership are seen to improve the predictability of EU-Russia energy relations, provide greater EU control over energy supplies, and enhance energy security in general.

The objective to create a European single energy market has been on the agenda for a long time, since the creation of the European Union in late 1980s and early 1990s. Directive 94/22/EEC (Council of the European Union, 1994) mentioned market opening

and provided a common set of rules for non-discriminatory access to the exploration and production of gas (upstream). The 'White Paper on Energy Policy for the EU' (European Commission, 1995), published by the Commission in 1995, emphasised market integration and deregulation, protection of consumers and suppliers and sustainable development as integral parts of a comprehensive energy policy. After the publication of the Green Paper in 2000, the legal basis for the creation of the internal market and energy supplies were provided in the Treaty of Nice (2001: Article 95 and Article 100 respectively).

On the route to integrating the gas market in the EU, and guaranteeing security of supplies, the implementation of key gas directives accompanied this gradual transformation of energy market opening and liberalisation. Brussels had the ultimate aim of advancing the construction of the gas market by implementing three EU energy packages, facilitating open access to energy networks, supporting free competition, and building interconnectors. The First Gas Market Directive 98/30/EC (European Parliament and the Council of the European Union, 1998) was aimed to allow third party access to owners of natural monopoly infrastructure, transmission networks, storage and LNG facilities and to introduce the choice between the negotiated and regulated access to infrastructure at the early stage (with compulsory prospects to move towards regulated access). In the second stage, the Second Gas Directive 2003/55/EC (European Parliament and the Council of the European Union, 2003) opened national gas markets to fair competition; allowed for industrial clients and domestic customers to choose their suppliers; and provided third-party access to gas infrastructure, interconnectors, LNG and storage facilities (with the possibility of exempting new infrastructure from this rule, Article 22). The Third Gas Directive 2009/73/EC (European Parliament and the Council of the European Union, 2009b) introduced the unbundling principle that presumes structural separation between generation, production and supply activities on the one hand, and the transmission processes on the other. The expectations were that non-EU companies unequivocally comply with the same level of unbundling as the EU companies (reciprocity clause) and the EU and non-EU investors will have equal status in the transmission companies.

The Third Gas Directive (2009) grants MSs three possible ways for unbundling: Ownership unbundling (the transmission operator owns and manages the network separately from the supplier); Independent System Operator (the supplier owns the transmission network that is leased to the independent system operator that manages, operates and controls it, deciding on investments); and Independent Transmission Operator (the supply company owns and operates the network, but the management of the network is done by the subsidiary of the parent company). The Commission's initial

proposal was a compulsory ownership unbundling of TSO and DSO, but due to the opposition from the MSs it had to compromise towards the above three models with gradual aim to reach ownership unbundling with remaining only mandatory TSO ownership unbundling.

The last two gas directives were mainly intended to prevent a conflict of interests between involved companies, eliminate the vertically integrated energy markets of the EU MSs, improve security of gas supplies in the framework of the integrated internal gas market, defining 'security-of-supply policies that are transparent, solidarity-based, non-discriminatory and consistent with the requirements of a single market in gas' (Europa, 2014). The integrated market cannot be achieved without trans-European networks in the area of energy infrastructures, which the EU aims to develop and support mostly through the Cohesion policy funds (European Union, 2010, Article 172: 125). According to the DG Energy, 'the security of internal energy supplies is undermined by delays in investments and technological progress' (European Commission, 2011b: 5-6) and the fragmented energy markets. Hence, these intentions were undermined by the reluctance of some EU MSs to unbundle their energy national champions (Vaisse and Kundnani, 2011: 52) as well as confrontations with Russia, which is negatively affected by the new regulatory changes.

In spite of Brussels aiming to advance the construction of the gas market by implementing three EU liberalisation energy packages, the whole liberalisation process encounters some challenges with transparency and commitment on the part of EU MSs to comply with regulations effectively (Howorth, 2010). Differences in the structures of domestic gas markets, a variety of market player ties, and resistance from the MSs to give up their national competences to the EU supranational level, all slow down the liberalisation and de-regulation processes (for details see case study Chapters 6 and 7). Having poor performance in the external energy arena, the EU also struggles to promote internal energy solidarity. The Section 5.3.2. below provides an analysis of the EU's internal coherence as an energy actor, highlighting challenges with energy solidarity.

5.3.2. The Analysis of the EU Energy Actorness

Following from a number of correlated and intersecting characteristic features of actorness indicated in theoretical Chapter 2, EU energy actorness explains how the EU's capacity as an energy policy maker is shaped 'in practice' and indicates how the EU's fragmented energy interests prevent a collective solidary approach to dealing with Russia. In doing so, this section utilises the concept of actorness by Jupille and

Caporaso (1998) that scrutinises the EU's capacity to act through the benchmarks of 4 interconnected factors: *recognition* by other states, *authority* to act, institutional *autonomy* in energy policy-making and *cohesion* of decisions within the EU MSs (1998: 215-221). To remind, the Section 2.2.2.2. explicated the benefits of Jupille and Caporaso (1998) approach to analyse both external position of the EU as a global energy actor and the EU's domestic energy actorness. The empirical analysis presented here develops an overview of the EU's generally weak international actor capacity (that was already touched upon in the examples of the EU-Russia multilateral and bilateral initiatives in this Chapter, in Section 5.1.) and focuses on the scrutiny of not least problematic EU's internal structure of its energy actorness.

The first criterion of *recognition* by Jupille and Caporaso (1998) is strongly connected to the formation of the identity of the EU. It falls into the category of *de jure* and *de facto* recognition of EU's energy identity. Thus, the EU might not be recognised under international law *de jure* as a sovereign state, whereas *de facto* the recognition exists due to the decision of third states 'to interact with the EU implicitly confer recognition upon it' as opposed to or in addition to having one-to-one relationships with individual EU MSs (Jupille and Caporaso, 1998: 215). The number of interactions matter, as through them the EU's relational identity and energy interests are shaped and transformed (Wendt, 1992). As noticed above, the EU and Russia have been involved in a variety of energy initiatives (the PCA, Energy Dialogue and Partnership for Modernisation), during which the fluid identity of the EU has been developing. However, the amount and quality of energy interactions Russia pursues with the individual MSs, through gas contracts on the inter-company, individual diplomatic levels and through intergovernmental agreements on the state-level, has been significantly larger than with the EU as a supranational collective entity. The indicator of preferring to deal with the individual EU MSs partly explains Russia's grounds for rejection of the Transit Protocol of the ECT. Russia's attitude was caused by resentment about treating CEE countries as an ultimate part of the European block (Interview 2). Russia still favours an individualistic energy approach to the EU MSs, trying to disregard and avoid dealing with the EU as a whole (TheEFDGroup, 2012; Wigell and Vihma, 2016).

The other benchmark for a successful energy actor would be having *authority* as the legal competence, authorised by the treaties and EU MSs to represent their interests (Jupille and Caporaso, 1998: 216-217). A capacity and authority to act enables other countries to recognise the actor as an energy player. Since its beginning, the European Community, and later the EU, has been trying to gain 'a single legal personality'. The introduction of the legal personality happened only after the adoption of the Lisbon Treaty, precisely in the Article 47 of the Consolidated Version of the Treaty on

European Union (European Union, 2010: 41). This meant that the EU acquired the ability to negotiate and sign international agreements in accordance within its powers as a single actor (trade and commercial agreements), to be a member of the international organisations and to join international conventions. However, all of the core energy-related agreements and initiatives prior to the Lisbon Treaty did not provide a specific legal basis for a united EU's energy policy, as the individual MSs were fully responsible for their own energy actions. Therefore initiatives such as the PCA, or involvement in the Energy Charter Treaty, were decided upon and signed by the individual MSs within the European Community, rather than a supranational body like the EU Commission. Since the EU was granted its legal personality and *de jure* diplomatic recognition only after the Lisbon Treaty came into force, the first two criteria of Jupille and Caporaso's framework of assessing actor energy capacity had a transformative effect on EU energy actorness only since the Lisbon Treaty of 2009. If the EU aspires to be regarded as a substantial energy actor, it needs to pursue more interactions on the international energy arena, to establish its energy identity with coherently defined and shared interests by other MSs. Only through repetitive interactions can the EU reproduce a relatively stable identity, gain recognition and be perceived as an equal entity by other countries (Wendt, 1999; Finnemore and Sikkink, 2001).

Alongside other interrelated criteria, the development of *autonomy* as an institutional distinctiveness in the EU energy sector has been in a place for more than two decades by now. Through gas and electricity binding directives the EU is committed to create a European Single Energy Market, regulating and facilitating open access to energy assets, competitiveness, sustainability, security of supply and market liberalisation. The process of promoting the internal and external dimensions of energy policy is organised through key energy-related institutions, such as the European Commission (mainly represented by the Directorate General (DG) for Energy, DG Trade and DG Competition), the European External Action Service (EEAS) and to a lesser extent the European Economic and Social Committee. Hence, since energy security is not a part of the Common Foreign and Security Policy of the EU, the involvement of the EEAS into energy policies is rather limited (only through basic mechanism of energy diplomacy which hardly can have any treaty-based or legal consequences). Likewise, the European Economic and Social Committee only has a consultative role that has little legitimacy in energy policy-making processes. Only the European Commission (mainly DG Energy) possesses some institutional policy-making power that can be imposed on the EU MSs, triggering normative and legal implications for the energy policies of individual member states.

Throughout the 2000s there was a visible but uneven centralisation of authority in the hands of the EU Commission, which aspired to gain energy decision-making autonomy from EU MSs by taking charge of the internal and external energy dimension. Since 2004 the European Commission has considerably advanced its institutional autonomy in shaping EU's energy market preferences and energy policies. It became rather pro-active in the social construction of energy security discourses based around energy dependence, contributing to 'a shift in political norms, successfully framing import dependency as a problem' (Maltby, 2013: 435). Referring to growing import dependence, the EU Commission used the previous energy supply crises as opportunities to try and extend its supranational energy authority, claiming:

> The security of gas supply is a concern whose Community dimension is becoming more and more important, therefore justifying the involvement of Community institutions and the Commission in particular. In a Community emergency situation, the Commission is best placed to coordinate the actions of the Competent Authorities of the Member States and to facilitate the dialogue with third countries (European Commission, 2009: 3).

The EU Commission has been slowly becoming a supranational policy entrepreneur and 'a significant actor over time in influencing the social construction of norms regarding the appropriateness of a supranational solution to an issue presented as a problem, even threat, to the Union' (Maltby, 2013: 442).

Nevertheless, the EU Commission's efforts to pursue energy policy on behalf of the whole EU faced some resistance on the part of the EU MSs. Starting from early 2006 the Council discussions portrayed clashes with the EU Commission's views. The EU MSs wanted to preserve their individuality in energy decision-making and demanded the EU 'respect Member States' sovereignty over primary energy sources and choice of energy-mix' (Council of the European Union, 2006a: 16; Council of the European Union, 2007: 11). Perpetual disagreements between the EU Commission and EU MSs about energy competences had a crucial negative impact on the formation of EU's energy actorness and EU's negotiating capacity to perform (Howorth, 2010). The EU essentially provides regulatory restrictions or stimulations for the EU MSs, related to the creation of the internal energy market, but its competences yet do not extend far beyond that. The external dimension of energy security is largely subordinated to the EU MSs' sovereignties.

According to Article 4 in the Treaty on Functioning of the European Union, energy lies in the area of 'shared competences' (European Union, 2010), where the EU and its MSs may adopt legally binding energy acts, but they 'can do so only where the EU has not exercised its competence or has explicitly ceased to do so'. The change from exclusively MSs' competences to shared energy competences is seen in recent EU legislations, Energy Directives, Regulations and Treaties. For instance, the Council Directive 2004/67/EC in Article 3 (Council of the European Union, 2004) states that the MSs were responsible for defining the 'roles and responsibilities of different gas market players in achieving' security of gas supply. After the major energy crisis in 2009, the Directive was repelled by the EU Regulation 994/2010 concerning measures to safeguard security of gas supply (European Parliament and the Council of the European Union, 2010). It legally enabled shared rather than individual responsibility between the EU MSs and the EU Commission for safeguarding 'security of gas supply and to contribute to the proper functioning of the internal gas market in the case of supply disruptions'. The Community level framework Gas Coordination Group was established that entailed the 'exchange [of] information and… [definition of] common actions between Member States, the Commission, the gas industry and consumers' (European Parliament and the Council of the European Union, 2010: 2).

Nevertheless, in practical terms shared competences remain a 'grey area' in EU internal energy decision-making. The aims of the EU Commission to ensure the functioning of the energy market, provide the security of energy supply in the Union, promote energy efficiency and energy saving, the development of new and renewable forms of energy, and promote the interconnection of energy networks, regularly clash with the rights of MSs to develop their own energy policies. Mainly, the EU MSs[46] reserved the right to 'determine the conditions for exploiting its energy resources, its choice between different energy sources and the general structure of its energy supply' (European Union, 2010, Article 194: 134). Such a lack of a clear distinction between the EU's and the MSs' competences makes it extremely difficult to distinguish clearly the institutional authority criteria, due to the Council of the EU (with the official representatives of the MSs) influencing major energy-related competences of the EU Commission.

Since identities are not static but fluid in nature, there are a number of relatively recent examples of legal empowerment of the European Commission over the MSs. The Council of the EU granted two mandates to the EU Commission to represent common EU energy interest in the negotiations of the Trans-Caspian pipeline project with

[46] In some cases, like the UK or Germany, if the energy market of the MS are industry-led, it is down to energy companies to decide about the energy mixes through their investment policies.

Turkmenistan and Azerbaijan in September 2011 (European Commission, 2011c), and the mandate to negotiate with Russia and Belarus a new agreement on the electricity system in the Baltic States in February 2012 (Oettinger, 2012b). The mandates are the first precedents in history to enable the EU Commission to promote energy supply diversification from Russia on the supranational level. However, this can be regarded as an exception rather than a normal practice, especially since no evident results are seen from such empowerment on the ground, as yet. As Jupille and Caporaso noticed, 'assessing the autonomy of the EU with regard to its member states is notoriously difficult' (1998: 218). It is even harder, when applied to energy policy. Only when and if the EU Commission acquires full energy institutional competence to act independently rather than selective policy areas, would it be possible to speak about the EU's autonomy to act.

However, the most central indicator that defines the success of the EU's actorness, according to Jupille and Caporaso (1998), is cohesion, which is normally attributed to the 'coherence between Member States, EU institutions and the various policy instruments at their disposal' (Thomas, 2012: 457). As indicated in Section 2.2.2.2. the analysis does not focus on the exact degree of energy coherence of the EU actorness[47] or does not aim to measure it. The thesis looks for any traits of energy actorness (in)coherence in general and explores the examples of EU's struggle to bring its MSs to converge their preferences and act unified, examining the implications of the EU internal and external energy cohesion or rather the lack of it on the relations with Russia. In constructivist terms, the prevalence of ideational factors, such as shared interpretation of energy security goals, mutual norms, convergent views, similar values and collective policies that are based on the principles of solidarity among the EU MSs, is vital. Applying Jupille and Caporaso's (1998: 219) logic, cohesion in understanding of energy security and a necessity to act on it together are essential, and can be reached through the solidarity in the EU (Treaty of Lisbon, 2007: Article 194). It means that operating in the spirit of solidarity would be a direct indication of the cohesion of the EU's energy actorness.

The importance of the EU's cohesion in foreign policy was mentioned by the EU institutions on many occasions. For instance, in the Green Paper of 2000 the EU Commission noted that 'the Union suffers from having no competence and no community cohesion in energy matters' (European Commission, 2000: 28). Likewise, the EU Council, claimed that 'greater coherence is needed not only among EU instruments but also embracing the external activities of the individual member states'

[47] Detailed analysis of the degree of coherence of the EU energy actorness goes beyond the scope of the analysis, hence remains to be an important issue for further research.

(Council of the European Union, 2003). Deriving from the above analysis of other criteria of the EU's actorness, the areas where the EU's energy cohesion is weak often depend on the existence of the variability in terms of energy-related competences, which are not always clear as between the EU Commission and the EU Council, and multiplicity of EU's constituent parts (such as the EU institutions and EU MSs), when the EU MSs often override a unitary approach to EU energy security and solidarity by having bilateral agreements with Russia.

Since coherence is vital for exerting the influence of the EU abroad, it is important to have a coherent external approach in relations with Russia. The existence of shared energy competences between the EU and its MSs and described above Article 194 of the Consolidated Version of the Treaty on European Union has already indicated EU MSs' legal superiority in choosing its energy mixes, suppliers and ways to securitise their energy supplies. It creates an incentive of the EU MSs to execute their sovereign energy interests as opposed to commonality of goals and policies, as well as impedes collective narrative of the emergent energy policy (the analysis of EU MSs energy policy choices will expand on this issue in more details in Chapters 6 and 7).

The problems with the EU's convergence of energy preferences and the implementation of policies were already mentioned in Section 5.1. The examples of the EU's failure to commit Russia to promote an energy chapter in the PCA and Poland's blocking of the PCA renegotiations, has violated EU's credibility as a cohesive energy actor. External energy coherence still remains on the rhetorical level in the EU-Russia relations, as the Union has not succeeded in creating solid normative grounds for having a commonly shared approach towards Russia. The policy-making mechanism, strategy and procedural algorithm to pursue EU common external energy policy is missing in Brussels. There is no elaborate strategy or even no tangible initiative from the EU, indicating the clear aim to create either energy solidarity within the EU 'on Russia' or energy solidarity of the EU MSs 'with Russia' (Timmins, 2013). The EU MSs cannot agree on whether to use the policy of diversification energy supplies away from Russia or prioritising it as a key supplier for the EU and engaging it into expanding EU energy market.

In addition, EU's incoherence is exposed in treating Russia's energy threat differently among the EU MSs. For the EU MSs threat perceptions are determined on the national level, rather than the EU collective level. In rudimentary material terms, geographically closer and more gas import dependent CEE countries will a-priori care more about the imminent threat of possible supply disruptions than, for instance, France or Portugal, which are not as dependent on Russian gas and which have other than gas primary

types of fuel in their energy mixes. The 'absence of shared threat perception amongst EU MSs regarding Russian dominance of energy supplies makes it even more difficult to find consensus' (Tardy, 2009: 103-104) and to produce a consistent external EU energy security approach.

The critics of the EU's energy capacity to act are convinced that the 'EU will continue having problems in trying to commit the MSs to a common EU energy strategy when there is none' (Interview 8). Before promoting the solidarity of energy policies, the EU MSs should ensure the divergence of interests are a minimum (Gotz, 2008: 69), as solidarity and consistent external energy policy are possible mainly under the condition of having shared interests and common purpose for the will of acting together. Having a discrepancy in energy interests, a propensity to choose energy suppliers on the MS level, and the freedom to make bilateral deals and pursue individualistic policies, damages the coherent European energy actorness.

Furthermore, the EU cannot be viewed as a coherent energy actor, when it comes to bargaining with Russia over gas (Krok-Paszkowska and Zielonka, 2005: 152-153). Countries like Germany and Italy have a more positive political and economic climate in relations with Russia, which puts them into an unequal position with more energy vulnerable CEE countries. From the Russian perspective, it is easier to deal with the EU MSs bilaterally, as the EU bureaucratic machine makes it difficult to have a clear understanding about with whom should Russia 'come to terms on various energy issues – with the EU agencies like the Council of Ministers, European Parliament, European Commission, energy regulators, or separate nations and their national bodies', as Russian Deputy Minister of Energy Anatoly Yanovski said (TheEFDGroup, 2012). External Russian attitude of 'dividing the EU' into clusters of countries also breaches the construction of the coherent EU's energy actorness.

Hence, the EU still experiences problems with asymmetrical gas dependence on Russian gas supplies, variation in the economic and political positions of different EU MSs, affecting the creation of a common foreign energy policy and energy market, and diverse stages of market liberalisation and political relations with the main gas supplier, Russia. As far as Amineh and Guang are concerned:

> Overlapping competences of policy-making institutions in the EU and its member states, complex government-business ties, and competing energy priorities all hinder the effective establishment and execution of a common energy policy…Finally, distrust among member states about which interests will prevail has led to caution, hindering the formulation of clear strategies that the common external energy policy should focus

on in pursuit of the Commission's goals (Amineh and Huang, 2010: 11-12).

Concluding the energy actorness analysis, until recently the Union failed to fully comply with all four components of international energy actorness. Bretherton and Vogler (2006: 60) called the EU having a 'hybrid identity associated with inconsistencies of role and behaviour'. Namely, in the aftermath of the Lisbon Treaty (2009) the EU officially received a legal energy personality and energy has got 'a solid legal foundation' for energy policy through shared energy competences with the MSs (Oettinger, 2010a). However, the EU still struggles with the EU MSs providing full authority to the EU Commission to act on their behalf on most of the occasions. EU institutional distinctiveness and autonomy in terms of clarity of the competences are not pronounced and a coherent approach to the internal or the external energy policies is missing. Thus, deriving from the theoretical tenets of Jupille and Caporaso (1998: 220), all four criteria 'form a coherent ensemble, depending upon one another for full meaning'. Since they are analytically interrelated, they cannot be observed separately from each other. If even one criteria is not definite, EU energy actorness capacity is undermined and should be observed on the levels of the EU MSs. As a result, having a problematic and incoherent energy image, lack of energy solidarity and missing commonly shared energy interests within EU MSs, relations between the EU and Russia are vulnerable and controversial. The next section illustrates the major misperceptions between the parties in the internal and external dimensions of European energy policies.

5.4. The EU-Russia Energy Stress Points: Grounds for Mutual Misperceptions

Drawing from the previous section, the EU quest for energy security of supply includes European solidarity in both internal and external energy-related policies. The chapter continues to develop this idea by analysing European energy policy steps, through which the EU pronounces its energy security. Externally, the EU aims to reduce its excessive import dependence by introducing a policy of diversification of supply sources and routes, and internally, the construction of a single well-functioning interconnected gas market still remains the key European objective. However, those European energy policies trigger immense tensions with Russia, which has polar views on energy interdependence and understanding of energy security, diversification policy and energy market regulations. The described areas of disagreement provide grounds for evolving threat perceptions and allow us to understand, which factors have a

negative impact on the EU relationships with Russia, answering the first research sub-question.

5.4.1. Contradicting Views on Energy Interdependence

It is a matter of a fact that for the last decade the EU has been increasing its reliance on external energy sources. Since the importance of energy interdependent relations have been theoretically explored in Chapter 3, this section scrutinises the imbalance of EU-Russia interdependence in practical terms, focusing on the EU's asymmetric import dependence as the presupposing factor in energy threat perceptions in the EU MSs. From 2004 onwards the average dependence of the EU on gas imports comprised around 60%, the largest part of which came from Russia, on average 34% (Eurostat, 2014c), with prospects for growth in the demand for natural gas until 2030. Regardless some of the public statements of former EU Energy Commissioner Gunther Oettinger dismissing the EU overdependence on the Russian gas (Oettinger, 2012a), Green papers (2000; 2006) identified that the EU is alarmed by the growing reliance on external supply of energy sources, especially gas[48]. However, energy threats are more than just about gas import dependence overall; it is more about asymmetric gas import dependence within the EU MSs. To understand the grounds for misperceptions and the importance of asymmetric gas import dependence for the EU, it is essential to look at the level of the individual EU MSs. Building towards the thesis's case studies, the chapter here observes European asymmetric gas import dependence based on the examples of Poland and Germany.

Energy import dependence is a given material condition for the EU and most of its MSs, which may or may not become an energy security issue for the EU, depending on a range of risk factors. For instance, as confirmed by the Copenhagen School, threats travel easier over short geographical distances (Buzan and Waever, 2003: 461), thus the problem of adverse impacts of energy import dependence between geographically close countries is more acute. The crisis might occur due to physical shortage of delivering energy source, when there is a mismatch between consumption and supply levels, when markets fail, or where there are issues with energy market governance in supplying or consuming countries, etc. Energy import dependent relationships can be associated with geopolitical risks, when dependent countries are exposed to political pressure from the exporter that exercises power to gain economic, political or other benefits, concessions and favourable conditions (Wigell and Vihma, 2016). However,

[48] For more information on the EU MSs' import dependence see the study of the European Commission. 2014b. *Member State's Energy Dependence: An Indicator-Based Assessment*. Occasional Papers. Brussels: European Commission 196.

under normal circumstance import dependence is not a problem as such. In fact, heavy import dependence that might make a country feel vulnerable does not necessarily represent a security issue for every country or on every occasion. The problem of energy import dependence is not endemic and it does not unavoidably trigger vulnerability (Larsson, 2006: 265), since the country might be dependent, but 'feel' relatively safe (Skinner, 2006: 6). Therefore, the initial point of reference will be to treat the level of gas import dependence as proportional to the feeling of insecurity and threat perception within EU MSs. Below is the analysis of when does import dependence transfer into the security dimension of the EU and its MSs and which factors contribute to that?

The reasons for EU countries feeling insecure are highlighted by Balmaceda (2004), who analysed material aspects of 'energy dependency'. According to her definition, the dependency occurs when 1) 'more than 1/3 of a country's total energy consumption comes from foreign sources' or 2) if 'more than 50% of a country's annual consumption of a major energy source for that country comes from foreign sources' or 3) when it is 60% import dependent on a single external energy supplier or 45% of its consumption of the major energy source (Balmaceda, 2004: 6). The table below compares the general levels of Polish and German energy import dependence[49].

[49] The indicator is normally calculated as net imports divided by the sum of gross inland energy consumption plus bunkers.

Table 2: Energy Indicators, 2004-2012 (Million tonnes of oil equivalent and per cent)

		2004	2005	2006	2007	2008	2009	2010	2011	2012
Poland	Energy Production, Mtoe	79.0	78.9	77.9	72.8	71.7	67.9	67.8	68.0	71.1
	- of which Natural Gas	3.9	3.9	3.9	3.9	3.7	3.7	3.7	3.9	3.8
	Total Inland Energy Consumption, Mtoe	91.9	93.1	97.9	97.4	99.0	95.3	101.7	101.2	98.0
	-of which Natural Gas	11.9	12.2	12.6	12.5	12.6	12.1	12.8	12.8	13.6
	Net Imports, Mtoe	13.4	16.4	19.7	25.0	30.3	30.3	32.2	33.9	30.1
	- of which Natural Gas	8.1	8.5	8.9	8.2	9.1	8.1	8.9	9.6	10.0
	Total Energy Dependence, %	14.6	17.6	20.0	25.6	30.6	31.7	31.5	33.7	30.7
	Gas Import Dependence, %	68.3	69.7	70.7	66.0	72.6	67.3	69.3	75.1	74.0
Germany	Energy Production, Mtoe	138.9	136.6	138.7	140.2	135.5	127.9	132.0	124.9	123.5
	- of which Natural Gas	14.7	14.2	14.1	13.1	11.3	11.1	9.7	10.9	9.6
	Total Inland Energy Consumption, Mtoe	350.1	346.0	348.9	339.8	342.9	326.4	336.1	317.1	319.5
	- of which Natural Gas	78.7	80.9	79.5	76.9	76.6	76.6	73.4	65.8	69.8
	Net Imports, Mtoe	214.5	213.1	213.5	199.2	209.3	202.4	202.6	194.9	196.7
	- of which Natural Gas	65.9	65.7	66.4	61.8	64.7	67.3	60.1	56.7	59.8
	Total Energy Dependence, %	60.8	61.2	60.7	58.1	60.5	61.5	59.8	61.1	61.1
	Gas Import Dependence, %	83.7	81.3	83.6	80.3	84.5	87.9	81.9	86.1	86.0

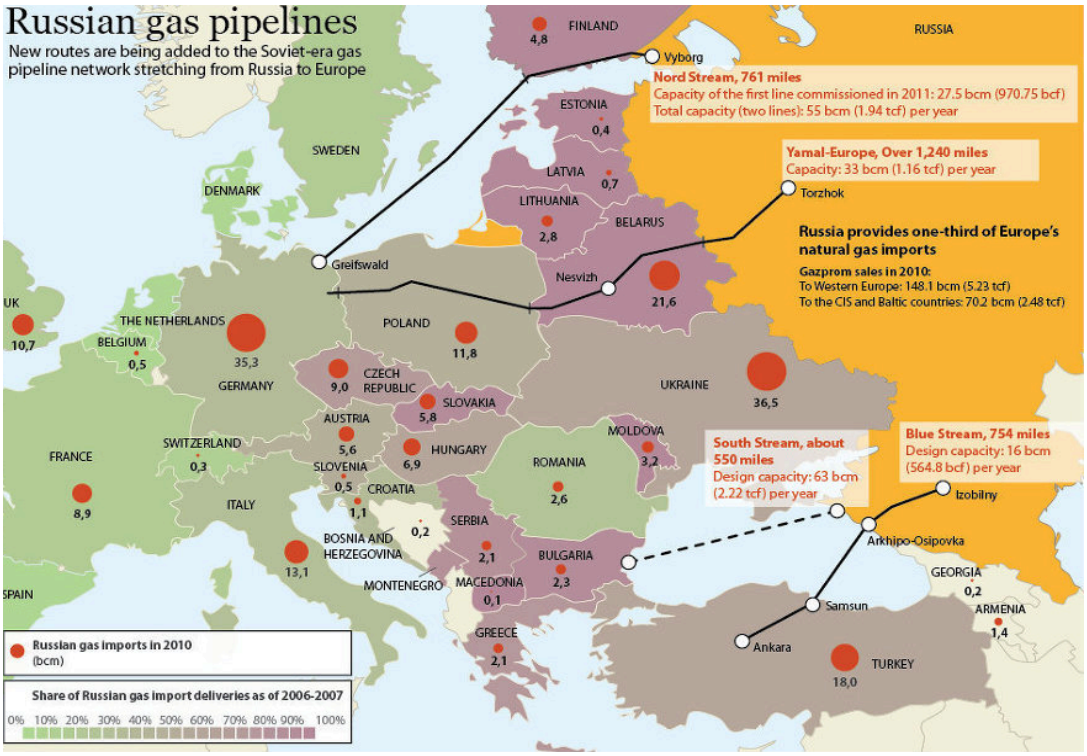
Source: Different indicators were generated from a variety of sources of the European Commission: European Commission (2012c), European Commission (2013a), Eurostat (2014c), Eurostat (2014a), Eurostat (2014b)

According to the data from Table 2, the average consumption of natural gas in both Poland and Germany exceeds its production, at least 3 times in Poland and 5 times in Germany. The difference of natural gas consumption and production should be covered by imports from foreign sources, which constitute the required 30%. In fact, calculating import dependence as the relation of energy net import to energy

consumption, both countries are import dependent. According to Table 2, Poland is less dependent on the energy imports from foreign sources than Germany, including gas (in 2011 general energy import dependence composed 33.7 % in Poland and 61.1% in Germany, together with gas import dependence – 75.1% and 86.1% respectively). Having relatively comparable sizes of the territory, similar energy intensities in the transport sector, and acknowledging that both countries' heavy industries depend on external gas imports, Germany being more import dependent in relative terms (both in gas and in general) should feel more insecure than Poland. Controversially, it is Poland that 'appears more vulnerable than the EU average', regarding the external dimension of energy dependence, which for the last decade has raised security of supply trepidations (European Commission, 2013b: 205; Interview 9).

For some CEE states gas imports from Russia comprise 80-100% (see Figure 2). The share of Russia as a singular gas supplier in Poland is considerably higher than in Germany. For instance, 90% of Polish gas imports arrived from Russia in 2010 (with the rest sourced in Germany), compared to 39.2% of German gas imports in the same year (see Sections 5.1.1. and 6.1.1.). It means that the German gas supply is more diversified, providing possibilities to cover the gas shortages from other sources more efficiently, whereas Poland has a low geographical diversification of gas supplies.

Figure 2: European Gas Import Dependence from Russia



Source: RIAnovosti (2011)

Deriving from the above argument, the third criteria of Balmaceda's energy dependence analysis (2004), energy pipeline dependence on a single external energy supplier prevails (Kirchner and Berk, 2010: 864). Regardless of European populist rhetoric about the necessity of decreasing single-source dependence (European Commission, 2000: 60; DG Energy, 2011: 10; European Commission, 2013b: 11, 16), Mitchell noted that 'no member state has actually limited imports on security grounds; nor has the EU as a whole' (2009: 10). Such steps would be politically unpopular and economically inefficient in the current energy climate as the feasibility of alternatives and unconventional sources of energy such as biofuels, LNG or shale gas will not be able to cover the economic needs and growing international demand.

The situation with import dependence, in turn, brings the research to consider energy threats being posed externally by high gas import dependence on Russia, whose energy supply policies are characterised as assertive and often aggressive. They are commonly based on the perception of Russia using energy as a political tool directed towards other countries through supply disruptions, and Russia's export expansionist strategy leading to the monopolisation of other countries' energy markets (Milov, 2006b; Orban, 2008; Balmaceda and Rosner, 2006; Balmaceda, 2008). Predictably, energy vulnerability trepidations of growing gas import dependence on such a controversial supplier and the lack of alternatives in cases of gas disruptions, have been coming from the import dependent EU MSs, which are also geographically closer to Russia and also the first points of entry in the European supply chain. Thus energy supply politicisation and the energy security debates at the EU level were highly stimulated and sustained by such countries as Poland, followed by other CEE states. As the official sources from the Oil and Gas Department in the Polish Ministry of Economy have confirmed, the dependence on one source is what makes a country vulnerable and 'it does not matter whether it is a dependence on the Russian company, German, French or any other, as long as there is a singular supplier there can be no flexibility and energy security' (Interview 10). The veracity of such political opinion will be explored in details in Chapter 6. Hence for now it is clear that if gas import dependence *per se* on the supplies from one source was the main reason for the EU's vulnerability, the EU might have been as much concerned about gas imports from Norway, which is the biggest supplier to the EU after Russia, comprising around 31.3% in 2012 compared to the Russian gas imports of 32% in the same year (Eurostat, 2014c). However, since Russia is the one at the core of the European energy threat agenda (European Commission, 2006), it means that heavy import dependence on one country-source is not the key factor, unless this source is Russia.

Asymmetric gas dependence in the EU is worsened by the Russian strategy of clustering the Union into sub-regional energy markets, deriving from bilateral long-term gas deals the country has with individual MSs, using the 'destination clause' (Stern, 2005: 132-133). Gazprom's destination clause provisions forbade the buyer to re-sell the imported gas to other MSs allowing only to certain companies inside its own country. Not only this regulation breached the EU commitment to market liberalisation and free competition, but also threatened energy security as the countries cannot resell Russian gas to more needy EU MSs in emergency situations. In the process of EU-Russia Energy Dialogue the EU Commission tried to persuade Russia to cancel the territorial sale restrictions. Over the years, Russia succeeded in removing the clause from some of its customers - Italian Eni (2003), Austrian OMV (2005) and German E.ON Ruhrgas (2005), but not Poland until recently.

Russia's interest to cluster the EU and control the EU's asymmetric import dependence lies behind the fact that individually European countries are more dependent on Russian gas than Russia is dependent on selling its gas to a particular country. This means Poland is more dependent on Russian gas supplies than Russia is economically reliant on Poland. Gazprom is the primary gas supplier to Poland, while Poland is not even in the top 10 largest importers of Russian gas. The imbalance is obvious, which increases the country's insecurity due to weak negotiating capacity and limited leverage to counter-balance Russian gas policies.

If gas import dependence of the individual EU MSs is weak vis-a-vis Russia, the collective EU import dependence can be rather comparable with level of Russian energy export dependence on the EU. Bilateral asymmetry in EU-Russia energy dependence and European gas demand are perceived differently from the Russian side. Russian Deputy Minister for Energy Anatoly Yanovski at the conference in Brussels in 2012 noticed that 'EU dependence is presented as a threat, the scale of this 'disaster' is trumped up…But the amount of Russian export dropped by 33% from 1990s. So Russia should be alarmed' (TheEFDGroup, 2012). Even in 2012, compared to 2011 the EU's gas consumption fell by 2.4% within one year and even more so afterwards. This is important for Russia, which delivers more than 80% of its gas exports to the EU, comprising 151 billion cubic meters (bcm) in 2012 (Gazprom, 2012a: 76). In reality, Russia is more dependent on export revenues from the EU than the EU depends on Russian gas imports, as the export of fossil fuel is the main driver for the Russian economy and modernisation (Interview 4; Interview 11). For instance, prior to the culmination of the latest economic downturn, Russia's hard currency reserves were the third largest in the world. The country was running a huge current account surplus and paying off the last of the debts accumulated in the early 1990's (Leonard and

Popescu, 2007). After 2008 energy revenue declined, creating huge gaps in the budget. On top of that, since the 1980s the absolute share of Russia's gas in EU consumption was almost twice as big as today. European gas demand has been gradually decreasing since the 1990s, long before the beginning of the economic crisis (Mitrova, 2012). Due to the amount of market entrants and diversification policies of the EU, the relative market share of Russian gas in the EU has decreased (Interview 8). The adverse consequences of the economic crisis and the implications of the shale gas revolution in the US (bringing additional cheap gas from Qatar to Europe) gas also contributes to the reduced EU demand for Russian gas (Oettinger, 2012a). However, the biggest drop of demand was observed in 2009 (5.6%), reducing to 9% in 2011 (Mitrova, 2012: 8-9) as a consequence of the economic crisis, decreasing economic advantages for gas due to renewables and warmer weather conditions.

The situation described above creates immense vulnerabilities and uncertainties for Russia as a supplier, forcing the country to take decisions, which are unpopular in Europe (like active diversification 'away from Europe' to the Asian markets). Energy analyst Alexei Gromov (Interview 11), in his interview with the author, cannot justify the European energy security concern about deficiency of gas as the upcoming international gas glut (including the LNG from the USA and Qatar) will inevitably exert downward pressure on the gas price, benefitting European customers. Therefore, Russia will require consistent and innovative approaches to its gas production (Mitrova, 2012: 8). Unlike some of the energy analysts, Russia is complacent about the increase of its energy exports to Europe and the growth of the EU gas demand in the future due to the decrease of internal production in the EU, seeing the negative effects of the global economic downturn as temporary (Ministry of Energy of the Russian Federation, 2009). Gazprom officials (like Sergey Komlev, the Head of Contract Structuring and Price Formation in Gazpromexport) expects that due to recent ecological and energy efficiency requirements, the EU will substitute its coal plants with electricity generation based on gas (The Russia Forum, 2010). According to Closson (2009) Europe often overestimates the Russian energy leverage on the EU as its capacity and interests are rather limited. The described above economic indicators illustrate if not irrationality then definite exaggeration in the construction of fears in the EU regarding the Russian threat. Negative perceptions of Russia are not necessarily proportionate to the level of energy dependence.

5.4.2. Different EU-Russia Accounts on Understanding of Energy Security

The discrepancies in vulnerabilities between Russia and the EU are not uncommon among parties who are involved in export-import relationships and have opposite

positions on energy security as security of supply and security of demand (as a part of an economic understanding of energy security). In interdependent energy relations, there is a consensual recognition among EU officials that Russia is 'entitled to security of demand inasmuch as the EU is entitled to security of supply' (Mandelson, 2007; Oettinger, 2010a). However, while the recognition of Russia's position on energy security as a supplier exists in theory, the situation is more complex in reality, especially when EU's interests are at stake. The section aims to disclose if EU acknowledgement of Russian energy security is supported by the acceptance of it in practical terms. This can be done on the basis of the EU's definition of energy security as '*uninterrupted availability of energy sources at an affordable price'* (European Commission, 2006: 6; IEA, 2013b). Therefore, on the supply side of energy security of EU MSs there are two major elements that can be directly or indirectly affected by Russian energy performance, which in various degrees matter to all energy dependent countries: *physical security* (the stability of material supplies and avoidance of disruptions from the main gas provider, Russia) and *price security* (competitive price-making with little price volatility and unpredictability).

By analysing which meanings Russia and the EU attach to energy disruptions as an indication of 'uninterrupted availability of energy sources' (physical security) and 'affordable price' (price security), this section exposes differences on conceptualisation of energy security in the EU-Russia nexus. As for the EU energy security definition accounts for the vulnerability not exclusively to gas disruptions, but also a high unaffordable gas price, Russia understands gas supply disruptions and price-formation differently, from the producer's point of view. To start with, it is important to explore how Russia understands energy security (in economic rather than foreign policy terms, as was disclosed in Section 5.2.1.).

Being the major energy exporter and placing energy as an imperative in the state's policy, Russian energy policy is better traced in the Energy Strategies Documents, distinct from the above National Security and Foreign Policy strategies. There are two key energy strategies for Russia – 'The Energy Strategy of Russia for the Period of up to 2020*'* accepted in August 2003 (*Ministry of Energy of the Russian Federation, 2003*) and 'Energy Strategy of Russia for the period up to 2030' approved in November 2009 *(Ministry of Energy of the Russian Federation, 2009).* Both Strategies have relevant references to enhancing energy security and the efficiency of production and supply, reducing environmental pressure,[50] promoting the technological development of the energy industry, and enhancing competitiveness. The importance of energy for Russia

[50] As Russia was looking to sign the Kyoto Protocol, which happened in November 2004.

was emphasised in the Energy Strategy to 2020, which associated the country's energy market and export with its foreign policy influence in the world. While the first Russian energy strategy up to 2020 was export-oriented, anticipating the increase of production and gradually growing international demand for fossil fuels (that would make Russia a leader in the global energy market), the new strategy had to adjust Russian energy realities just 7 years after the first strategy came into place. Energy Strategy of Russia until 2030 defined energy security for Russia as 'protection of the country, its citizens, society, state and economy against the threats to a reliable fuel and energy supply' *(Ministry of Energy of the Russian Federation, 2009),* emphasising the reduction of energy dependence on certain consuming markets, search for alternative energy solutions, energy saving and technological renovation (with the special focus on attracting not governmental but largely private investment sources). Unlike the security of energy supplies being one of the key pillars of the EU's energy strategy, there are not explicit references to the security of demand in the external dimension in the above-mentioned strategies. It seems that security of demand is only indistinctively mentioned and amalgamated into a broader focus of the Russian energy security.

In relations with other countries, long-term energy contract is a basic guarantee of certainty of demand for Russia and balancing again external risks, such as increasing competition with other energy markets, volatility of energy prices on the international market, transit dependence, and other issues *(Ministry of Energy of the Russian Federation, 2009*: 35). Continuous and predictable quantities of required energy and stable price for the exported gas (that allow the security of revenues and coverage of expenses for the produced energy) generally constitute the security of demand for the producer. By controlling gas production and the delivery chain, Russia aims to provide security of demand, which is a fundamental element for the country's economic stability (Mitrova, 2012). Thus, Russia aims to build its relationships with the EU MSs on the basis of bilateral long-term supply contracts, which it regards being a pre-requisite to their mutual energy security. In relation to energy assets and infrastructure, for energy exporting countries like Russia energy security of demand is essentially associated with 'security of investment-recovery' of the new pipeline infrastructure or other energy assets and the 'security of export sales and income' (Milthorp and Christy, 2011: 261; Konoplyanik, 2012). The construction of new infrastructure should be supported by long-term contracts in order to guarantee return on the invested capital.

Regardless of Russia framing its energy security in terms of 'security of demand' or in terms of general 'energy security', the EU often overlooks and misperceives the energy challenges and economic uncertainties Russia faces, presenting Russia's energy policy towards other countries as deliberately aggressive, subordinated to mainly

foreign policy underpinnings. The politicisation of energy relations with Russia, its geopolitical stance and the construction of threat 'reality' are believed to interfere with the normality of EU-Russia energy security and gas relations. It is imperative not to underestimate the economic side of Russia's conceptualising of the security of demand and the ideas that determine Russia's energy demand-dependent position. Goldthau suggests that it is crucial to redirect public awareness from geostrategic exercises towards the categories that are at stake: the market and investments (Goldthau, 2008: 691). Thinking in economic categories and de-politicising energy security might shed light on why parties struggle to share common understanding of energy security.

As a general rule, the energy security of supply to EU MSs is likely to not be sustainable without encountering and accepting the supplier's security of demand. The EU should not disregard the second half of the supply-demand equation and underrate the importance of factors affecting the producer's position (like legislative predictability for long-term investments in building infrastructure, or guaranteed European demand for the amount of produced energy). Most of the energy supply problems related to Russia (including gas supply disruptions to the transiting states of Ukraine and Belarus, refusal to sign the Energy Charter Treaty, Russia's adherence to an oil-indexed price formula, etc.) could be explained and adequately acted upon prior the culmination of the crisis. Instead, having complex and poorly defined energy identity, the EU has to apply costly reactionary rather than preventative measures to guarantee energy security for its members.

- **Physical Security**

Many references have already been made regarding the EU's trepidations about the 'uninterrupted availability of energy sources' or simply supply disruptions in Section 5.2.3. and throughout the thesis. Analyses grounded in basic supply-demand relations, physical access and the diversity of energy resources, pipeline energy relations and transit issues, physicality of gas deliveries, provide economy-based explanations of European energy supply security. For instance, Goldthau (2008) argued that the threat to European gas supply lies in the lack of investments in Russian upstream energy production, whereas Yafimava (2011: 2, 7) identified transit in the energy trade and market segmentation according to differences in the gas price calculations as threats to the European energy security.

As 2006 and 2009 energy supply conflicts between Russia, Belarus and Ukraine proved, gas supply disruptions remain the core of the EU energy threat perceptions (Yafimava, 2011). The EU treated Russia's behaviour as politically motivated

(Oettinger, 2011; Interview 6), expressing its concerns about Russia's approach to some of the CEE gas dependent countries (Westphal, 2009). Russia rejected the political grounds for the Ukrainian supply disruptions in 2009, and confirmed it does not intend to disrupt gas supplies to its main energy consumer market in the EU intentionally. Vladimir Putin in his official statement about the Russian-Ukrainian gas crisis in 2009, stated the economic grounds for the supply disruptions, '[we do not tie political issues with economics. Those who do – do it with one goal – to cover economic failure and the lack of desire to fulfil their economic obligations' (Putin, 2009). Likewise, high-level energy analysts underline Russia's lack of deliberate political incentives in disrupting any energy supplies to the EU as its goal is to preserve energy export revenues. Russian energy expert Tatiana Mitrova assured that for the EU, energy security of supply is connected with economics, mainly the 'question of price – not the physical availability of energy' (Interview 7).

Due to placing such a big political emphasis on problems with the gas flow, the issue can become politicised and over-estimated very easily (Interview 6). Thus in the aftermath of Russia-Ukraine conflicts during 2006 and 2009, the majority of further short-term, minor, planned or technical supply incidents (be it due to weather circumstances or testing pipeline capacities) were presented in a similar politicised way by different EU MSs and their officials. For instance, being dependent on cold weather and seasonal supply hesitations, Gazprom had to prioritise gas supply to the domestic market over exports to Europe, which triggered the drop in the gas volumes supplied to the EU. Thus, when in February 2012 gas supplies to Italy, Austria and France decreased for several days it was perceived as Russia making its point during the peak vulnerable cold season, flexing its energy and political 'muscles' (Henderson and Heather, 2012). Similar example of technical maintenance on Yamal-Europe pipeline in 2012 was politically grounded by Polish political elites, even though it was announced in advance (see Section 6.3.2.)[51].

- **Price Security**

As a part of the EU energy security of supply definition, 'affordable prices' for energy is an essential attribute of energy security. The price formation represents yet another reason for threat creation and security exploitation in EU-Russia relations, as the increase in energy price is often viewed in the EU as price discrimination and a foreign policy tool to gain compliance (Section 5.2.).

[51] Similar problems with compression on Yamal-Europe pipeline in August 2015 occurred and the timing clashed with planned technical works on the Nord Stream pipelines.

In general terms, Russia explains the increase of the gas prices during 2000s based on economic grounds of the production costs. For the last decade structural changes in the geological architecture of energy resources has been progressing, triggering the decay of easy-accessible gas reserves in Russia (Konoplyanik, 2012; Dergunova, 2008; Interview 12). Gas extraction has become more capital intensive and technologically challenging, requiring the attraction of new technological solutions. The outcome is a negative economic effect on domestic and international prices for both consumers and producers.

In more specific terms, the disagreements exist around the gas price formula. The EU has been contemplating to modify the historically applied Groningen oil-indexed price formation, which links long-term contract gas prices through specific formulas to the price of crude oil and oil products. As Asche et.al. (2002) point out the price level depends on the economic compound made of transportation costs, political risk and oil taxation, being complemented with the political compound (which can be adjusted by the supplier on the basis of preferential concessions (Larsson, 2007b: 36). Through changing the predominant oil-indexed contract-based gas price formation with a small share of hub pricing on a spot-market into a major hub-based short-term gas indexation[52], the EU hopes to make the gas price less politically dependent on suppliers. This will trigger gas producers selling their gas directly at the hubs, which will enhance the competition. The EU Parliament Resolution of 2012 called on:

> the Commission to support the establishment of a comprehensive EU system of gas indexation based on gas market prices, so as to enable all EU gas trading companies to trade with external gas suppliers in a more fair and predictable manner, independently of oil prices, and to further foster competition in the EU's internal gas market (European Parliament Resolution, 2012).

Unlike the majority of the Russia's officials, some Russian energy market experts recognise the old system of price formation as 'inefficient'. For instance, energy analyst Gromov suggested that oil prices are volatile, it has a negative effect on gas prices for the producers[53]. 'The reason for this that the oil market is an element of financial and economic system/markets, and gas has a different role in the energy balance of every country' (Interview 11). Due to the fact that they occupy different niches (oil- for petrol fuel and industrial purposes and gas for electricity generation), the price calculation should be adjusted.

[52] Based on the example of the energy markets in the USA and the United Kingdom.
[53] The export gas price at the supplier's border is indexed to light and heavy fuel (excluding transport costs).

Generally, oil-indexed prices have been higher than hub-shaped spot prices and the fact that Gazprom has a practice of rather selectively providing gas price discounts, puts the EU MSs in unequal and vulnerable positions. The publication of the Center for Eastern Studies in Warsaw (2011), cites the Russian press agency Interfax and reveals data about Russian gas prices in 2010 per 1000 cubic meters. Germany paid on average 271 US dollars, France 306 US dollars, Italy 331 US dollars, the UK 191 US dollars, Hungary 348 US dollars and Poland 336 US dollars. The difference in the price range between Western and Eastern EU MSs depended on competition on the gas market, the development of infrastructure, availability of the alternative sources and the general pattern of bilateral relationships with Gazprom. The main concession in gas contract renegotiations come from the amount EU MSs are ready to purchase on a spot price beyond the contractual amount (Interview 13). This explains Russia's reluctance to change rather predictable pricing within the scheme of the long-term take-or-pay contracts. [54]

Gazprom's authorities confront the idea of exclusive gas hub-linked pricing in Europe, preferring the existing 'hybrid' approach that is based on long-term contracts, risk-sharing and win-win situation (Komlev, 2012). The Head of Contract Structuring and Price Formation at Gazprom Export Sergey Komlev believes that 'gas indexation will change the balance of interests in favour of importers; it will create the opportunity for predatory pricing and devalue the entire supply portfolio of natural gas producers' (Komlev, 2011: 14). There will be no incentive for the EU as gas importer in preserving the value of gas. Gazprom's natural desire to secure its investments in energy production through long-term binding contracts, which create predictability in correlation between the quantity of supplied and consumed gas, clashes with the EU idea to create liquid gas market pricing and completely detach Gazprom from price-making decisions. Mutually negative perceptions are produced, escalating into an energy security dimension on the basis of such controversies and a variety of economic interests that are not met in the middle. If the decisions are made one-sided by the importers via the hub-linked index shaped on a spot-market, then the EU is in danger of being left without guaranteed volumes of gas supplied from Russia, who is unlikely to accept the change.

While one cannot deny Russia exercising the foreign energy policy of compliance on several all-known occasions, there is another side of the Russian energy identity that is not related to its realist interests, but rather country's organisational structure of its

[54] For more information about difficulties of gas price-making see Energy Charter Secretariat. 2007. *Putting a Price on Energy: International Pricing Mechanisms for Oil and Gas.* Brussels: Energy Charter Secretariat.

energy decision-making. The specificity of Russia's energy identity lies in the existence of inefficient bureaucratic apparatus that impedes successful and straightforward energy behaviour. The EU often treats Russia as being a conspiracy and fails fully accept how the country works. Frequently Russia takes its decision-making at a slow pace, not necessarily due to the political reasoning behind the decisions, but rather due to time-consuming economic calculations or the famous Russian bureaucracy. Since energy is capital intensive and has a long investment cycle, Konoplyanik explains Russia's delay in developing the Shtokman energy fields in terms of uncertainties with gas demand in Europe rather than for political reasons (Konoplyanik, 2012). Analogous misperceptions exist on the inter-personal and diplomatic level, when the European side regards Russia's behaviour as retarding energy security and efficiency building. A one year absence of the Russian co-chair of the Energy Efficiency working group of the EU-Russia Energy Dialogue was interpreted in Brussels as politically motivated and intentional to cause disruptions in the EU-Russia Energy Dialogue (Interview 6). However, Russian official explained it as being a technically administrative or 'bureaucratic delay' rather than a security-destabilising political intention (Interview 2).

The above examples illustrate that misconceptions about the key elements of energy security, and inherent differences in conceptualisation of energy security for Russia and the EU, play an important causal role in shaping energy perceptions of each other.

5.4.3. Conflicting Approaches to Energy Diversification Policies

To remind, the nature of EU-Russia gas relations can be characterised by energy related confrontations and growing dependence on energy supplies from a single source. In the EU, high import dependence 'on particular fuels, energy suppliers and routes' has been perceived as a key source of insecurity (European Commission, 2006; Council of the European Union, 2004; European Commission, 2014a:2). Highlighting energy 'variety' (or diversification as countries currently commonly refer to) is an integral part of energy security, as described by former Prime Minister Winston Churchill during his speech in British Parliament in 1913 claimed: 'On no one quality, on no one process, on no one country, on no one route, and on no one field must we be dependent. Safety and certainty in oil lie in variety, and in variety alone' (Churchill, 1913). The energy security priorities a century later remained unchanged, since the EU aims to reduce energy dependence on its main supplier Russia by pursuing a policy of diversification of routes and sources.

EU's course of energy supply diversification remains one the biggest ground for EU-Russia disagreements over the nature and methods to pursue it. The disagreements

between Russia and the EU evolved around not only the choice of routes, the amount of serving EU countries and the existence of rival projects, but also legislative provisions of the suggested mutual energy projects.

For the last decade Russia was interested in expanding its supply options to Europe, bypassing the transiting states and introducing two new major routes: the Nord Stream to Germany via the Baltic Sea and the South Stream through the Black Sea to Bulgaria, Greece, the Balkan countries, Italy and Austria. Whilst the first branch of the Nord Stream is already in place and running (and the second one being agreed on in 2015), the South Stream started years ago but finally terminated by Russia in 2015 due to disagreements about EU's energy regulations of the Third Energy Package (De Micco, 2015: 8).

The EU, whilst agreeing on the above-mentioned mutual gas projects, also searched for a variety of diversification routes, avoiding Russia's involvement and bringing natural gas from Turkmenistan, Azerbaijan, Turkey and possibly Iran. So far the EU's highest energy security diversification priorities within the European Southern Corridor (European Commission, 2008) only include the Trans-Adriatic pipeline from Azerbaijan to Greece and Italy, the South East Europe Pipeline from Turkey to Austria, the Interconnector Turkey–Greece–Italy and the Nabucco West pipeline from Turkey to Austria (which is de-scaled former Nabucco project), bringing Caspian and Middle Eastern gas to the EU. However, none of those EU priority projects have been put into operation and are still in the process of discussions and calculations of the investment plans. This section chose to focus on the Nord Stream as the biggest stumble block in the EU-Russia energy diversification endeavours between 2004 and 2012, causing misperceptions and contestations between them.

The EU Regulation 994/2010 concerning the measure to safeguard security of gas supply clearly stated that 'the diversification of gas routes and of sources of supply for the Union is essential for improving the security of supply of the Union as a whole and its Member States individually' (European Parliament and the Council of the European Union, 2010: 2). De-facto the Union should have been equally interested in the diversification of routes and of energy sources. In reality, the diversification of energy routes for a long time was prioritised over the diversification of sources, especially if the country-source of energy is Russia.

For a long time, the Nord Stream project has raised a variety of concerns. Those concerns ranged between the environmental issues raised by the Scandinavian countries and the political undermining of European solidarity and coherence. The latter was based on vulnerability of non-involvement in the Nord Stream project of gas

dependent countries like Poland and the Baltic States (more details about Polish resistance to it are presented in Chapter 6). However, in relation to the diversification policy, the major argument confirmed by the official EU sources against the project was that the Nord Stream diversified only routes, but not the country-source of the gas (Interview 3). Theoretically, the Nord Stream ticked the pan-European supply diversification boxes. It is easy to argue that the Nord Stream offered a diversification of the offshore routes from Russia to Germany, with further connection to the EU infrastructural network through the OPAL and NEL transiting pipelines, delivering gas to the Czech Republic and Denmark respectively. However, the diversification of sources is contested, since the country of origin still remains Russia, hence the suggested gas-source was supposed to be the new Shtockman gas field[55]. For the last decade, the EU has been relatively successful in the diversification of energy sources, diversifying into sources from North Africa (the DESERTEK program), Norway, the USA and the Middle East, hence not as successful in the diversification of routes (Interview 8). That is what Russia tried to promote.

Initially a Finnish-Russian project called North Transgas from 1997 eventually became a North European Gas Pipeline (the Nord Stream) from 2005. The grounds for considering the Nord Stream a European project (rather than falsely portrayed by Poland as bilateral Russian-German deal) were laid by EU Decision 1364/2006/EC. The EU decision of 2006 emphasised the 'identification of projects of common interest, their specifications and priority projects, in particular those of European interest, should be without prejudice to the results of the environmental impact assessment of the projects, plans or programmes' (European Parliament and the Council of the European Union, 2006: 2). The European Parliament issued the guidelines on Trans-European Energy Networks (TEN-E), ranking 42 particularly prominent European projects into three categories. Since early 2000 the North European Pipeline was one of them and in 2006 it gained the highest possible status of a 'project of European interest' (*ibid.*: 9). To gain this status means that the project should have a 'cross-border nature or… have significant impact on cross-border transmission capacity', receiving Community funding under the TEN-E budget (*ibid.*: 5). It satisfies both conditions. The consortium is based on the shares held by companies and financial institutions from Germany, the Netherlands, France and Russia. Taking into account the number of countries involved (those who directly participate in the ownership and those that will receive the gas) and

[55] While the Nord Stream project is already functioning and delivers gas from Yuzhno-Russkoye Field and Yamal Peninsula to Europe, Shtockman is still at the embryonic stage of its development.

its huge transmitting capacity (when the second branch is launched), the Nord Stream project must be regarded truly European rather than bilateral[56].

Unlike the Nord Stream, the South Stream was ranked lower in the EU's energy diversification priority. In fact, the South Stream pipeline from Russia to Italy and Austria, which was suggested later in 2007, did not get the same status of 'project of the European interest', as the Nabucco pipeline or the pipelines from Turkey to Italy and Austria received (Van Aartsen, 2009). According to the spokesman for the South Stream Transport BV venture, who previously worked for Nord Stream (interview 8), the legal status of the 'project of European interest' could have been particularly helpful 'to respond to concerns of energy solidarity and implementing common objectives', which is commercially vital for investment protection policies. Furthermore, in most national legislations the permission to build any infrastructure of this kind should represent common public interest (Interview 8). Brussels's position in promoting and supporting the status of one project over similar alternatives appeared to be made on political grounds, as the South Stream complied with the same diversification principles as the Nord Stream or Nabucco for this matter in providing a new transportation route of Russian gas and covering considerable amount of EU and EU candidate countries (even more than the inaugurated Nord Stream).

Seemingly, the idea behind the EU's precaution was to decrease the overall gas dependence on Russia. What is more important, until recently, the EU official documents avoided a straightforward anti-Russian political rhetoric that gas import dependence should be decreased from Russia specifically. For the first time European Parliament Resolution (2012) officially emphasised 'that diversification should mean new non-Russian sources of oil, gas and electricity for those Member States which are overly dependent on this single supplier'. Russia considered this European energy discriminating approach as a 'hypocrisy' and 'double standard' (TheEFDGroup, 2012; Interview 12), while the EU Commission sources called it 'a selective justice' (Interview 4). The result, however, remains the same – mutual misperceptions of other's action as threatening and undermining each other's energy security. Ironically, despite all attempts to build an EU-Russia strategic energy partnership, maintain amiable relationships and trust, Jervis's quote sums up the rival reality and threat-creation of the EU-Russia interplays:

[56] Nevertheless, the expansion of the Nord Stream created a new wave of discontent, when Slovakian authorities called it a 'betrayal' that will put Slovakia and Ukraine under financial pressure. It is also regarded as ignoring Polish interest.

> We tend to believe that countries we like do things we like, support goals we favor, and oppose countries that we oppose. We tend to think that countries that our enemies make proposals that would harm us, work against the interests of our friends, and aid our opponents (Jervis, 1976: 117-118).

5.4.4. Differences in Regulatory Energy Approaches: Market Liberalisation Principles

One of the key European energy security priorities has been to develop the single energy market, which will be respected by all countries supplying energy to the EU or possessing energy assets in EU MSs. The introduced three-fold EU energy legislature (described in Section 5.3.1.) created tensions of the EU and Russia's energy interests, caused by the adverse regulatory procedures and blame about the lack of reciprocity in EU-Russia energy relations.

Russia strongly opposes the EU liberalisation legislation, in particular EU Third Energy Package of 2009 with the unbundling principle (mainly Gas Directive 2009/73/EC) that limits the activities of Russian energy companies in the EU market (EU-Russia Energy Dialogue, 2009: 6). In order to provide the security of demand, Gazprom claims its need to have market segmentation and vertical control of the whole supply chain from the production to distribution. EU finds Russia's controlling behaviour 'problematic' and breaching evolving open market principles (Interview 4). European energy market liberalisation makes gas market more uncertain and volatile, compromising the security of demand. 'Russia dislikes uncertainty, as it wants to know the amount and price of gas it will have to supply in long-term perspective' (Interview 4). Russia expressed strong opposition to the EU new energy regulations, interpreting them as being directed against Russia and representing a certain risk for Gazprom (Konoplyanik, 2012; TheEFDGroup, 2012; Gazprom, 2014c). Gazprom's advisor Andrei Konoplyanik, attributes the risks to rapid regulatory changes caused by the EU new energy legislation, and wrong investment decisions, which brought uncertainties for Russia (Konoplyanik, 2012). Russian Deputy Ministry of Energy Anatoly Yanovski (TheEFDGroup, 2012) emphasised the insecurity of existing Russian energy assets and unprotected long-term investment projects in the EU, due to negative and unpredictable regulatory changes in the EU. Referring to the legal basis of agreements, Russia claims that the Third Energy Package should not be spread on the gas agreements and IGAs that were concluded prior this Energy package. Russia emphasises that the Third Energy Package should not affect relationships with third countries. Conversely, the EU rejects Russia's interference into EU's construction of its

internal energy market, claiming that having 'anomalies' and a 'poorly organised and imperfect' structure of a vertically-integrated gas sector itself, Russia 'should not point out to the EU how to build its internal energy market' (Interview 6; Interview 4). Whereas justifying the EU's intentions to liberalise its energy consuming market and dealing with energy monopolists, Russian energy experts strongly believe that EU unbundling and a market liberalisation model is not suitable for the energy exporting country, and at this stage there can be no alternative to Gazprom's export position (Konoplyanik, 2012; Interview 7).

The former EU Trade Commissioner Mandelson accepted the clash of the EU and Russia's interests, as parties have different views of how energy markets should ideally work:

> The EU wants – broadly speaking - competitive markets with strong rules, genuine rights of transit and the separation of energy production from distribution. Russia prefers state ownership, exclusive rights, vertical integration and limited transit rights. Russia would probably prefer asset swaps as a way of integrating the EU and Russian markets, while the EU is oriented towards a genuinely integrated and transparent cross border market (Mandelson, 2007).

The Nord Stream yet again became the ground of EU-Russia energy disagreements. Russian investments into the Nord Stream pipeline cover not only gas supply to Germany, but also the exclusive control over gas transit to other countries through the OPAL and NEL interconnectors, which breach the new EU legislation about third party access to the pipeline on German territory (see Figure 3). Russia used its opportunity to apply for temporary exemptions from the new EU regulatory energy *acquis* to exempt the OPAL and NEL pipeline branches from third party access (European Parliament and the Council of the European Union, 2009b: Article 36). However, the status of the above interconnectors on EU territory was questioned by the EU. Despite that, the two main pipelines of the Nord Stream have received the exemptions from third-party access and from transit-free regulations for the period of 22 years from Germany's national regulatory Agency (European Commission, 2014c), these exemptions have not been approved by the EU Commission. The EU Commission is reluctant to provide any concessions for Russia and allow Gazprom an exclusive and monopolised access to the pipeline on German territory, being the only supplier and co-owner of the transmission infrastructure. In practical terms the implications for energy supply to Europe are unclear. By not legally clarifying the operating regime of OPAL and NEL means that the pipelines will be half empty, since Russia is not allowed

to use their full capacity to fill them with gas and there are no other suppliers that can physically fill the pipeline capacity (Socor, 2014)[57].

Being concerned about economic loses and the security of demand, Russia blamed the exemption procedure being 'not only overly bureaucratised and lengthy', but also unpredictable since 'even if the infrastructure is accepted on the national level, the EU can change and revoke this exemption on its own discretion' (TheEFDGroup, 2012). The Russian Ministry of Energy again criticised the way the EU uses 'double standards and adopts discriminatory solutions - hampering efficient functioning OPAL and NEL pipelines' (TheEFDGroup, 2012), while providing the rival projects like Nabucco pipeline with the investment friendly regime at that time (European Commission, 2014c).

Figure 3: Interconnecting Branches of the Nord Stream Pipeline

Source: NET4GAS (2013)

Other misperceptions regard the EU and Russia's views on the reciprocity principle, where openness of the gas market overrules control) and the asset swaps. Russian authorities strongly believe that 'European companies are more represented in Russia that Russian companies in the EU' (TheEFDGroup, 2012). The EU, in turn, is concerned about Russia's 25% share in the EU energy market, claiming that Russia has more access to the downstream markets in the EU than the EU has to Russia's

[57] Only in September 2015 for the first time Gazprom acted upon anti-monopoly reservations of the EU and stared auctioning gas that it supplies through the Nord Steam, which in turn will help to load the capacity of OPAL pipeline (gazpromexport.ru).

upstream. Reciprocity 'would take a lot of the politics out of energy trade, without in any way denying Russia's legitimate right as a state to take the maximum benefit from her oil and gas' (Mandelson, 2007).

The lack of reciprocity principle in the countries' relationships allowed the EU to introduce the so-called 'Gazprom clause', forbidding non-EU companies to own transmission and distribution systems. Guided by the fear that Russia already monopolised the EU gas market resulted in antitrust proceedings launched by the EU Commission against Gazprom in 2012 (European Commission, 2012a). Gazprom's pricing policy and high tariffs based on the take-or-pay approach in Central and Eastern Europe is especially in the focus of the Commission's probe. Since the investigation about possible violation of EU antitrust rules is an on-going issue, most of the official results have not been made public yet. However, Russian reaction followed almost immediately by issuing the Presidential Decree of 2012 (mentioned in Section 5.2.1.), limiting access to important information of Russian strategic companies. This is a prime example how mutual perceptions of each other's interests and identities trigger a new circle of mistrust and threat perceptions, worsening the relations.

5.5. Conclusion

This chapter illustrated the complexity of EU-Russia energy relations and pointed towards spheres of potential mutual interests, where the interests of actors clash and create a conflicting and threat-generating environment. In a nutshell, it provided an answer to the first research sub-question by accounting for three major factors that undermined EU-Russia energy relations during 2004-2012. These influencing factors included: 1) Russia's troublesome international energy policies that have material and threat perception-based negative implications for the gas import dependent EU MSs, compromising the relations with Russia; 2) Inherent differences between Russia and the EU in perceiving the role of energy interdependence in their relationships, the meaning of energy security and contradicting stances on EU's energy diversification and market liberalisation policies; and 3) The EU's weak and incoherent international and domestic energy actorness that is largely undermined by reluctance of the EU MSs to delegate their energy sovereign interests to the supranational EU level.

This chapter commenced with analysing the reasons behind the constructed images of Russia and the EU as international energy players and their impact on energy relations. According to the first influencing principle, Russia's aim to increase its international energy presence through the mechanism of assertive foreign energy policy-making (such as increasing shares in the European energy assets and infrastructures,

influence the gas prices, gas supply disruptions and individual energy deals with the EU MSs), and sustaining its identity as an energy superpower, has had immense energy security implications for the EU and its MSs.

Firstly, Russia's assertive foreign policy stance and problematic energy supply relationships with other countries initiated the policy of energy securitisation in the EU. Being affected by the Russia-Ukraine energy supply crises in 2006-2009 and having little regulative opportunity to affect Russian energy policy, the EU had to pursue an emergency energy policy and enhance its domestic energy security. The above securitisation was performed by emphasising the importance of solidarity among the EU MSs, prioritising energy supply diversification and accelerated the construction of a European integrated gas market. EU's energy policy contradicted Russia's energy supply strategy and provided grounds for insecurity, additional confrontations and threat perceptions. The differences in the EU and Russia's approaches to energy security of supply and price security, various stances on energy interdependence, conflicting views on energy diversification policies (based on the example of the Nord Stream) and EU's energy market developments (including unbundling principle) explain the grounds for EU-Russia energy misunderstandings and misperceptions (the second influencing factor).

Secondly, Russian energy policies facilitated some changes in the consolidation of EU's energy identity, catalysing attempts to centralise energy decision-making in the hands of the EU Commission (like the example of EU Commission's mandate to negotiate the Trans-Caspian pipeline on behalf of the whole EU). However, those changes were not substantially supported by the EU MSs, as the EU failed to externalise and export its own energy security approach to Russia. Regardless of the endeavours of the EU Commission to make EU MSs delegate their internal market and external energy competences, the EU energy actorness is weakened by the national energy interests of the EU MSs. The authority of the EU MSs still prevails in the areas of security of supply, the choice of sources for their energy mix and selection of energy suppliers (Article 194 of the Consolidated Version of the Treaty on European Union). The framework of EU actorness utilised by Jupille and Caporaso (1998) and applied here, vividly exposed the EU's dysfunctionality and its vague propensity to be a coherent energy actor.

The EU MSs' strong hold on energy competences and preference to bilateral relations with energy suppliers creates problems in EU's coherent energy security approach in general and relations to Russia in particular, resulting in poorly performing multilateral and bilateral energy initiatives, which lack mutually binding regulations and capacities

to deal with energy security situations. Russia's disregard of the Energy Charter Treaty, the lack of consensus on modifying and renewing the PCA and the demise of EU-Russia Energy Dialogue, allowed the chapter to conclude that there is a lack of political incentive from the EU and Russia to effectively build a strategic partnership and adhere to mutually shared energy challenges. More importantly, despite 'somewhat' coherent approach of the EU within general frameworks of the ECT and the WTO and building its internal energy market, EU's collectively shared capacity to enforce the ECT regulations on Russia, renegotiate the PCA and consistently promote EU-Russia Energy Dialogue were rather ineffective. These examples confirmed the weakness of the EU international energy actorness in general, but even more so in bilateral dealings with Russia, which remains a crucial factor in hindering EU-Russia energy interactions (the third influencing factor)[58].

Drawing inferences from the above analysis, Russia has been commonly perceived as a source of European energy supply insecurity, which identity and energy foreign policy are sometimes misperceived by the EU or largely exaggerated. Placing blame solely on its supplier for the EU's energy insecurity seems inappropriate. Hence, 'the Russian problem' should be complemented with the incoherence of the EU's internal and external energy actorness and the lack of solidarity among the EU countries, which are reluctant to subordinate their energy competences to the EU supranational level. Therefore, not only Russia's energy identity, but the EU's incoherence is simultaneously a cause and a consequence of the energy security impasse between Russia and the EU. Incompleteness of the explanation of the EU-Russia energy impasse creates the impetus to scrutinise in more details the determining role of the EU MSs in the EU's incoherence and reasons for a non-unified sense of threat as between Poland and Germany, aiming to enhance understanding of the conditions and origins of energy insecurities within the Union (as an objective to answer the second research sub-question).

[58] As Chapter 2 emphasised, the analysis of the degree of the coherence of the EU energy actorness is not in the focus of this project.

Chapter 6. Case Study: Polish Energy Security between 2004 and 2012

Deriving from the analytical conclusions indicating incoherence of the EU's energy actorness, the first case study chapter presents the scrutiny of Poland's energy security and its relations with Russia. After the collapse of the USSR, Poland was 'trapped' in a variety of material conditions (including but not limited to geographical location between the West and the East, vulnerability derived from historical legacies of World War Two and the Soviet occupation, and growing energy dependence on external energy sources), which can explain the country's specific foreign policy behaviour and geopolitical vulnerability (Gorska, 2009; Bienczyk-Missala, 2016), contributing to a particular mode for general threat perceptions about Russia (complementing Chapter 1, Section 1.1.).

The history of Polish-Russian energy relations stretches back to the Soviet era, when Poland as a 'satellite state' was under the direct political and economic influence of the USSR. Therefore, this section makes historical references to well-established inter-state relationships that started in the 1960s, when Russia supplied countries of the Eastern Bloc with such natural resources like iron ore and crude oil, and Poland, in turn, sustained the Soviet Union with light industry produce (mainly textile and food products) and provided ship yards. Poland's economic decline under the martial law of 1981 was accompanied with the growth of economic dependence on Russia in the 1980s (including on gas deliveries). Therefore, in order to satisfy energy demand in countries of the Eastern Bloc, Russia built two major pipelines Brotherhood (Druzhba) and Yamal-Europe, spreading to many CEE countries (see Figure 1 in 5.2.3.). Thus, Poland occupies an important transiting location for CEE and Western Europe in transporting the Russian gas westwards and is still closely incorporated into the Russian energy network (Raszewski, 2015).

From the early 1990s the country stood on an unknown path of development, aspiring to become a part of Western international structures and the EU (Szczerbiak, 2012; Bienczyk-Missala, 2016). With EU accession the ultimate goal and an aspiration for Poland was to get an opportunity to promote its national security and energy interests in the EU arena and be a part of Western democratic and economically sustainable community (Roth, 2011: 601; Maltby, 2014). As Chapter 1 already mentioned, those pre-existent conditions were catalysed and aggravated with Poland's joining the EU in 2004, when the country had to reconsider and adjust its national interests, modify its institutional political structures, overcome the prominence of its national pride and re-establish its national identity as a member of yet another economic and political bloc. Thus, the EU membership complicated rather than simplified the country's energy

security choices and exposed a range of unresolved historical, cultural, economic and geopolitical issues, as a new member of the EU and in relations with Russia (to be discussed in Sections 6.2., 6.3., and 6.4.).

According to Raszewski (2015: 31), 'within the changing geopolitical context, security and markets turned out to be the key issue of energy security perceptions within the region in general, and for Poland, in particular', as an anti-Russian energy security discourse prevailed in Poland. Showing import dependent Poland to be vulnerable towards Russian gas supply disruptions and energy price policies (Gorska, 2009; Roth, 2011), 'the disruptions and politicisation of EU–Russia energy relations have inevitably changed the Poles' perceptions of gas supply security and Russia's role in the process' (Raszewski, 2015: 33). Therefore, the aim of this chapter is to answer the second research sub-question about the conditions and origins of the energy insecurity in Poland and provide the analysis of Poland's energy interests and identity that impacts the country's threat perceptions (which is also a third research sub-question). For this reason the chapter explores whether Poland's energy security policy is solely based on anti-Russian threat perceptions, and aims to identify which other factors contribute to the conceptualisation of energy security threats, having implications for Poland's perception-based behaviour and energy relations with Russia.

To satisfy these objectives, the first Section 6.1. inspects the structural conditions of Poland's internal energy market for the last decade and identifies its domestic energy diversification priorities. This especially corresponds to the constructivist grounds for the creation of threat perceptions, since factors of both domestic and international nature play important roles in identity formation and the creation of energy threats (Hopf, 2002). As Alons (2007: 211) rightly points out 'it is commonly acknowledged that in order to understand the preferences and behaviour of states in international relations, we need to take both domestic considerations and international considerations of states into account'.

Looking at the domestic energy market of Poland is a part of analysis of the material conditions that provide the platform for the creation of energy threat perceptions. Hence to what extent and in what way the state utilises those material conditions for the ideation purposes of threat creation is a matter of that country's choice and a subject for investigation in this research. Since threat perceptions are composed from both the international and domestic factors (Hopf, 2002; Alons, 2007), it is vital to understand if Poland's insecurities might originate from the state's internal energy policies, rather than or in addition to an externally posed threat by Russia.

Section 6.2. investigates Poland's development under the EU supranational architecture and explores Poland's reaction on EU energy policies of diversification and the construction of the integrated liberalised energy market. Polish opposition towards the Nord Stream project and controversial attitudes towards the EU energy Directives underlie country's energy interests and energy security fears. Polish aggravation about the lack of energy solidarity in the EU in the case of the Nord Stream re-confirms the conflict of energy interests between the individual MSs and the supranational EU level (that was initially noted in Chapter 5) and reveals country's supply vulnerability to both - Russia and other EU MSs (mainly Germany).

Being a part of the evolving economic and political Union has its own trade offs and adds uncertainties in Poland's bilateral relations with Russia. Section 6.3. proceeds with the analysis of perplexing and uneasy relations between Poland and Russia. The nature of Poland-Russia energy interactions can be best understood through the prism of the re-negotiations of the main IGAs, which display the collision of parties' energy interests and highlights the points of tension. Polish energy security geopolitical rhetoric has been developing on the basis of national security concerns about growing Russian energy hegemony as a threat to energy, economic, military and political stability of Poland and the EU in general. The grounds for threat perceptions and energy security are demonstrated on the basis of a relative convergence between public opinions, governmental and private sector perspectives in conceptualisation of those notions.

Moving from the level of domestic construction of energy interests, the chapter concludes with Section 6.4. analysing the formation of Polish identity in the EU as an energy actor through the prism of relations with Russia. Through the transformation of its national insecurities, Poland shows that its energy vulnerability is connected not only to Russia as an external energy threat to Poland's national interests and energy security (based on a variety pre-existent material conditions and derived from the previous history of energy relations with Russia). Energy insecurity also comes from the pressure of the EU internal energy market trends and the impacts of energy policies of other EU MSs, mainly Germany. Exploiting the image of an energy victim allows Poland to gain some economic benefits and political concessions to prioritise and lobby its individual energy interests in the EU. Thus the first case study chapter serves an explanatory role for a broader analysis of the EU-Russia energy misunderstandings. It accounts for presenting part of the argument about the existing differences in threat perceptions and understandings of energy security in the EU and their impact for the EU energy security and its relations with Russia.

6.1. Poland's Energy Policy

With the intention to analyse domestic factors that might influence Poland's energy threat perceptions, this chapter commences with the analysis of Polish energy mix, its internal market structure and the main market players. Finding inconsistencies in policies around the developing country's internal sources and factors accompanying state-market relationships provide conclusive judgements about the role of domestic factors in the country's energy security.

6.1.1. Structure of Polish Energy Market

The energy sustainability of Poland for the last 20 years has relied upon a variety of energy sources. Poland has the immense domestic sources of coal and lignite (especially in the Silesia region), crude and refined oil products, natural gas and other renewable energy sources that have composed its energy mix. Hitherto, the relatively low cost of power production from hard coal has made Poland self-sufficient in the electricity generation. It became also rather competitive on the international market, ensuring the country's relative independence from external energy supplies. Poland is one of the EU's biggest primary energy producers, accounting for 8.3% of the produced energy in the EU, after the UK, Germany and France. In 2009 more than 80% of Polish electricity was produced from coal and only 3.17% was generated from gas (Central Statistical Office of Poland, 2011). However, due to a pattern of decreasing its indigenous production of oil, troubles with coal's compatibility with the European carbon dioxide reduction programme and underdeveloped production of gas, led Poland to importing most of its hydrocarbons from Russia, and as a result, created inbuilt insecurity of the gas dependent country from this supplier (see Chapter 5, Section 5.4.1.).

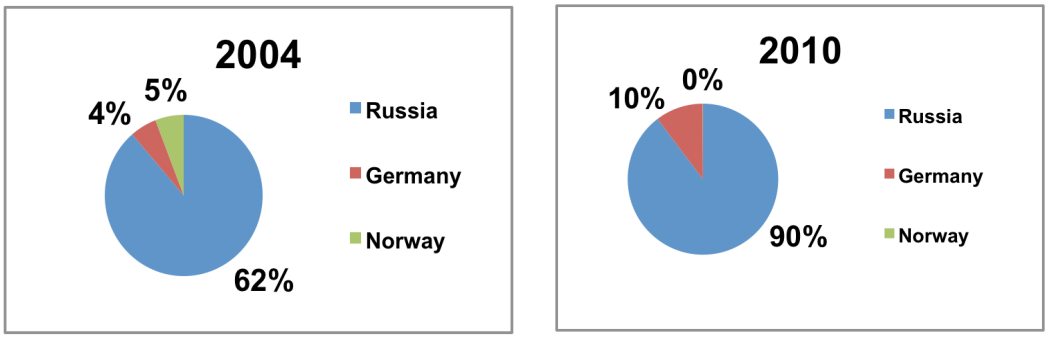
Gas, being used mainly for electricity generation as well as industrial and house-hold consumption, remains the key type of fuel for the EU. In 2010 around 59% of natural gas in Poland was used by mainly chemical industries and for industrial production with 25% being consumed by households. Actually, since the 2000s, the increase of gas consumption remains the general tendency in all EU MSs, with Poland not being an exception (see Table 2 in Chapter 5.4.1). In the governmental policy document 'Energy Policy of Poland until 2030', gas demand is forecast to increase by 18% in 2020 and by 43% in 2030, respectively, compared with 2010 (Ministry of Economy of Poland, 2009).

Poland's geographic location made it a strategically important country for the EU's security of gas supplies. The legacy of Soviet Union infrastructure grids enabled east-west gas flow from Russia. This makes Poland not only one of the biggest EU gas

importers but also a transit country for Russian fuel. There are several major entries for pipelines bringing Russian natural gas into the country from Belarusian and Ukrainian directions. Only recently the reverse flow from Germany was activated (to be discussed later in this chapter).

According to the IEA sources, Polish gas import dependence from 2004 onwards on average has been floating at around 63%, whereas around 30% is covered by its domestic production (IEA, 2011a: 2). Out of the imported quota, the Russian share has increased from 62% in 2004, to around 90% in 2010 (see Figure 4).

Figure 4: Origin of Polish Gas Imports in 2004 and 2010, (in %)



Source: PGNiG (2010)

Thus in 2010, Polish gas demand was internally covered with 4.2 bcm per year, and the other 10 bcm were imported from Russia through long-term supply contracts (PGNiG, 2010). In 2012, Polish gas demand of 15.4 bcm was satisfied with the same amount of domestic sources (4.3 bcm) and the rest was covered by Russia and intra-Community supplies from Germany and the Czech Republic (The President of the Energy Regulatory Office in Poland, 2013: 13).

While the previous Chapter 5 affirmed the asymmetric import dependence in the EU with Poland having relatively low level of import dependence in general, this section confirms high share of gas consumptions in Poland and high gas import dependence on Russia specifically (Table 2 and Figure 2 in Chapter 5). Poland often presents its import dependence on Russian gas as an energy security issue. Hence as Chapter 5 indicated, Polish increased import dependence is not directly proportional to the level of polish insecurity (Ministry of National Defense of Poland, 2007; Interview 13; Interview 18).

Only a few years ago a plausible internal solution to decrease Polish gas reliance on external gas sources appeared. The statistical data presented by the Polish Geological Institute indicated that major stocks of conventional and exploitable gas resources were

found in Polish Lowlands, Carpathian Foreland and the Polish economic zone of the Baltic Sea. The publication of 2011 states that Poland's 'resources of exploitable fields were estimated at 120.24 bcm, which corresponds to 83% of total amount of all the exploitable resources' (Polish Geological Institute, 2011). According to an energy expert at the Sobieski Institute and the European Commission adviser (Interview 14), 'the quantity of conventional gas is even higher if the 80-90 bcm of proven gas reserves that are less accessible and more expensive to produce are added'. If those prospects are correct, Poland has a chance to cover its gas demand entirely, and even start to export it to other neighbouring EU countries. The same energy expert (Interview 14) claims that to reach gas self-sufficiency, Poland would need to produce at least 3-10% of proven reserves a year (like other developed countries are doing, such as Italy or Denmark).

In summary, Poland has a favourable geographic location being on the route of gas deliveries to Europe and plenty of internal material energy capabilities to be energy self-sufficient and enhance the security of energy supply position. Nonetheless, the country has been very slow and ineffective in pushing internal gas production forward, which illustrates the dilemma of the country's irrational energy behaviour. If the external energy dependence is generally presented as a growing concern, it is unclear why Poland is so inactive about the development of internal conventional resources? A good place to look for the answers would be the analysis of the position of Polish key energy decision makers and their incentives to act in a particular way. Therefore, the section below scrutinises the energy interests of Polish gas players (mainly the energy monopolist PGNiG and the role of Ministries) and the perplexing domestic process of energy market liberalisation that undermines energy security.

6.1.2. Main Energy Players

The analysis of Polish energy market structure continues with the basic understanding that Polish gas market is almost entirely controlled by the state. Generally, there exist only two key types of players, which are responsible for Polish energy policy - the state-owned energy giant Polish Oil and Gas Company PGNiG created in 1976 and the Government represented by the set of Ministries. Both are strongly interlinked by shared interests and decision-making and mutually influential as for the last decade they consist of the decision-makers from same bureaucratic apparatus.

The Polish energy market is dominated by the state-owned monopolist PGNiG, which became a joint-stock company in 1996 owned by the Ministry of State of Treasury, who's share composed 72.94% in December 2009 (PGNiG, 2009: 12). PGNiG

explores and produces domestic conventional and unconventional natural gas, imports, stores and delivers natural gas to customers. It is the only operator of the country's UGS capacity until 2035 and effective controller of the wholesale natural gas market. Until 2004, PGNiG was the only owner of all the transmission assets. Together with Russia, PGNiG is still an equal owner of the EuRoPol Gaz transit operator (48%:48%) that was created specifically for serving the Yamal-Europe pipeline, and was the owner of the GAZ-SYSTEM transmission network of Poland until 2005, when all the shares of GAZ-SYSTEM went to the Ministry of State Treasury (Gaz System, 2014).

Nevertheless, during 2004-2012 PGNiG still had a very strong market position by *de-jure* and *de-facto* controlling the energy exploration and production licences for gas in Poland, LNG production, UGS access and the majority of the Polish energy projects. Polish energy experts explain PGNiG's energy stance as extremely inefficient. The Centre for Eastern Studies (OSW) explains PGNiG's performance as 'rather politicised, shady, monopolistic and very poorly ruled' (Interview 15). The expert from the Sobeiski Institute condemns the company's inefficient performance and management operational capabilities and risk-averse culture of local management due to the fact that it continues to appoint different chief executives of political rather than economic and managerial background (Interview 14). The fact that until June 2011 PGNiG had no overarching well-structured energy strategy and until recently had no energy Strategic Department supports the above criticism.

Despite EU regulations, by executing rigid control of the Polish energy market, PGNiG also undermines the European idea of energy security by complicating competition for other energy players and lacking economic and political incentives to invest. Firstly, the new entries (especially the gas importing companies) are faced with difficulties to compete on price with the energy giant. PGNiG's gas prices represent a mixture of domestically-produced cheap gas and more expensive imported gas, which is cheaper than solely imported gas by other gas companies (ICIS, 2007). Secondly, by holding a monopolistic control over the production, PGNiG decides when and where to invest in local gas exploration. Hitherto, it has been very slow in investing money in production and development of prospective and proven reserves. From 2003 until 2010 indigenous gas production increased only by 0.2 bcm, which is incredibly low, given the amount of proven reserves Poland possesses. Gas imports, on the other hand, increased by more than 2 bcm within the same period, most of it from Russia and Germany (PGNiG, 2010). Only in October 2012 PGNiG started to speed up the process of increasing domestic production of unconventional and conventional gas (the energy giant provided a share in exploration of 7 licenses to the state-controlled refiner

Grupa Lotos). Nevertheless, PGNiG did not give up its right to operate its concessions that will preserve its monopolistic interests (Zakrzewska, 2012).

A very similar and ineffective energy security approach has taken place with UGS capacities. Poland has a relatively small amount of 6 UGS facilities that accommodate a relatively small total volume of 1.8 bcm by the end of 2012 (The President of the Energy Regulatory Office in Poland, 2013: 13). The key role of UGS in Poland is to balance seasonal variations of gas consumption, which are not necessarily caused by external supply failure, but also by severe weather conditions. Since access to the UGS is controlled by PGNiG, it decides about the investments in the expansion or construction of new UGS[59], and has an authority to block the access of other companies by justifying it by the lack of space (ICIS, 2007; Interview 15).

In a way such position imposes some important obligations on PGNiG to provide effective development of the domestic energy market, increase investments into local gas production, exploit new energy sources and storages, and enable energy security in general. However in reality, inefficient gas market structure, bureaucratic problems and PGNiG's lack of interest to pursue tests and issue drilling licences, remain the key stumbling blocks in pursuing country's internal energy security. On the one hand, it would be too short-sighted to put the blame on PGNiG solely, as a big role is played by governmental officials (which are also involved in owning the company) and state regulations allowing PGNiG to occupy such a position. For instance, according to the Act of 16 February 2007 on stocks of crude oil, petroleum products and natural gas, the principles of proceeding in circumstances of a threat to the fuel security of the State and disruption on the petroleum market (President of the Republic of Poland, 2007), the importers of natural gas are obliged to possess gas volumes in UGS equivalent to a proportion of their imports. However, it is impossible in practical terms if all the storage capacity is owned by PGNiG only.

In addition, having no economic incentives for PGNiG to increase its local energy production can also be explained by the inefficiency of the taxation system in Poland. The government did not create essential incentives to encourage energy businesses to produce more gas domestically and enhance its energy security of supply. Corporate income tax in Poland is higher compared to other EU MSs, like Germany (in 2012 it was 19% compared to Germany's 15%). Therefore, from the economic perspective, if the energy company increases the level of local production, it will have to pay higher

[59] For the last decade, PGNiG undertook very few investments into the UGS. The largest projects were the expansion of UGS Wierzchowice, UGS Husow and UGS Strachocina and construction of new UGS Bonikowo, UGS Daszewo and UGS Kosakowo in 2008.

taxes, destroying all incentives for energy companies to develop local production (Interview 14). Unclear geological and regulatory approaches in the country also cause immense delay in investments and commercialisation of domestic gas production. Thus, the legislation in Poland restrains the speed of the country to be domestically self-sufficient, self-sustainable, and therefore, secured.

Only with the intensification of the European market liberalisation regulations and pressure of the EU gas and electricity Directives, was Poland 'forced' to adjust its energy market to more competitive conditions, adjusting its old-fashioned practices. Thus, in February 2012 PGNiG published the Natural Gas Release Programme, which introduced changes to gas price making, eliminating limits on prices PGNiG charges industrial consumers. Gas prices will be regulated by the Energy Regulatory Office rather than PGNiG, and a system of auctions will be introduced that will allow the sale of gas for a price calculated in accordance with the Regulatory Agreement (PGNiG, 2012). In addition, the draft of the 2012 Energy Law Act, providing changes in the Polish energy market according to the Third Energy Package, introduces an obligation for gas trading companies to sell part of the gas through gas exchange: 30% to the of 2013 and up to 70% from 2014 (The President of the Energy Regulatory Office in Poland, 2013: 6). PGNiG's recent energy market deregulation policies give hope that even at a slow speed the Polish energy market can be transformed to be viable, efficient and competitive, which will enhance the country's security on the European arena in the long run. As the Ministry of Foreign Affairs aspires, 'it will create a place for new energy companies – in LNG, shale gas and Caspian gas' (Interview 16).

Furthermore, Polish authorities have been very critical about PGNiG's position, and recognise the necessity to restructure the Polish energy market to improve country's energy security. For instance, the perceptions in the Polish Ministry of Foreign Affairs (MSZ) about the reasons for Poland's energy insecurity were that it lies in the monopolistic position of PGNiG, leading to 'no competition, no pressure on prices and a locking of the market and the transmission capacity' (Interview 16). Similar views were expressed by official sources from the Ministry of Economy (Interview 10). Ultimately this source of domestic insecurity caused by PGNiG energy approach is projected onto energy relationships with Russia.

Despite some recently visible changes towards market liberalisation, the governmental system that is responsible for energy security lacks coherence, structure and consistency of the energy competences. Having no allocated single Ministry of Energy responsible for the implementation of a consistent energy policy, there are too many Ministries that are sharing their energy security competences in Poland. Thus, despite

the fact that the Ministry of Treasury holds shares in PGNiG and the other largest power utilities, supervises gas operators, influences gas prices, which are regulated by the Energy Regulatory Office (Gierej, 2009: 182), official governmental energy policy and key energy market regulations are drafted by the Ministry of Economy. To ensure the energy security, the Ministry of Economy is responsible for the usage of compulsory 30-day gas stocks that was introduced by the European Commission obliging gas trading industries from October 2012 to maintain reserves of gas stocks (IEA, 2011a) and the technical side of transmission and distribution of Polish gas and electricity systems (Interview 10). Finally, the Ministry of Foreign Affairs is responsible for the coherence of Polish energy policy with the EU and provides strategic analysis for further developments), whereas the Ministry of Environment deals with the environment protection of natural resources and issues gas, oil and coal exploration and production licences.

There have been constant changes and merges within the departments in governmental structures and the Ministerial cabinets (Interview 17) that complicate the division of competences between the departments and jeopardises the efficiency of the Polish bureaucratic machine dealing with the energy. Smith (2004: 48) associates frequent changes in the Polish government with general problems in Polish energy policy as such changes 'have brought in ministers who lack sufficient knowledge of the energy market and expertise in negotiating with Russia'. In addition, concealed competition and political power sharing undermine the country's energy profile. Having politically strong and opinionated personalities in charge of the Ministries, provide grounds for clashes of ideas and energy responsibilities between the Ministries. Such operational and personal contradictions affect the information flow, speed and patterns of negotiation regarding a particular energy issue (Interview 17).

Consequently, in order to improve the country's energy security, it is not enough to liberalise and restrict PGNiG's monopoly on the energy market, but to complement this process with major governmental changes, including major reforms and improvements on the Polish ministerial levels. Section 6.1. argues that the relations between state-dominated market structure and key energy actors hinders the country's energy security of supply and breaches the liberalisation of a competitive energy market (as a precondition to energy security, emphasised by the EU Commission). However, the analysis of the internal developments of Polish energy market would be incomplete without accounting for Poland's national energy interests within the structure of the developing EU's energy market.

6.1.3. National Energy Diversification Priorities

In accordance with the Polish Energy Law Act (March 2005), the Ministry of Economy is obliged to develop and systematically review the Energy Policy covering energy security strategic issues every 4 years. In November 2009, the Council of Ministers adopted 'Poland's Energy Policy until 2030', representing a long-term energy security strategy, highlighting a specific plan of action. The key focus was to decrease import dependence by improving energy efficiency, increasing the security of energy supplies, increasing competition at the energy market, introducing renewable and alternative sources of energy and reducing environmental impact (Ministry of Economy of Poland, 2009).

Like many other heavily gas import-dependent EU MSs, Poland shares European energy security challenges and has a goal to decrease energy import dependence on Russia. To enhance physical security of supply and provide 'uninterrupted availability of energy sources' (European Commission, 2006: 6) Poland pursued the policy of diversification of energy types, country sources and routes. While shale gas, LNG, nuclear and renewable energy priorities satisfy the diversification of energy types, the options of receiving gas from other countries, rather than directly from Russia, corresponds to the diversification of country sources and routes.

6.1.3.1. Diversification of Energy Types

- **Shale gas**

For several years shale gas has remained the main priority and hope for energy security and efficiency in Poland and grew its importance as a diversification option in the EU. Since 2006 Poland has been involved in investigating the potential sources of unconventional shale gas to help boost Poland's confidence as an import-dependent country. Preliminary estimates of Polish Geological Institute suggested that Poland could have between 346 bcm to 1.9 trillion cubic meters of unconventional gas (Polish Geological Institute, 2012: 5). Shale gas accumulations are likely to occur in the Upper Ordovician-Lower Silurian formations in the Baltic and Lublin-Podlasie Basins, as well as in the Lysogory and Bilgoraj-Narol basins. These formations are currently subjects to industry exploration activity under thorough supervision of environmental research and monitoring groups, which are observing the possible negative impact of shale gas bores on the environment. If the environmental uncertainties about the pollution of water are settled and the stumbling blocks from PGNiG monopolistic position for unconventional gas exploration and production are tackled, shale gas has the potential to be the so-called 'game changer' in the energy landscape of not only Poland but the

whole EU (IEA, 2011a: 12). In order to promote shale gas exploration, Poland is actively involved in a variety of environmental research and monitoring that will enable the country to proceed to actively produce unconventional gas in accordance with the environmental regulations of the EU. However, the government is inactive yet again with introducing regulations, stable legislation about gas extraction, and an attractive taxation scheme. Due to the limited amount of issued licences for gas exploration, energy experts struggle to estimate reliably the amount of shale gas reserves (Cienski, 2013).

- **LNG terminal**

In January and May 2006, the Polish Council of Ministers passed resolutions to sponsor the construction of an LNG terminal with the direct connection to Scandinavian deposits as a part of the diversification plans (Spruds and Rostoks, 2009). The projected dispatch capacity is 7.5 bcm per year (Naimski, 2007: 6), and in 2009 PGNIG secured a long-term contract with Qatar for supplying 1.5bcm of LNG. Poland managed to secure 465 million Euros from the EU Structural funds for developing its gas networks, including the Swinoujscie LNG project (European Commission, 2013d). Unsurprisingly for the state-controlled structure of Polish energy market, Polskie LNG S.A company (a subsidiary of the GAZ-SYSTEM S.A. owned by the Ministry of Treasury) owns, constructs and operates this LNG terminal. Despite Poland's first LNG re-gasification terminal Swinoujscie was inaugurated at the end of 2012 and is planned to be completed by June 2014, in 2015 it was still non-operational.

- **Nuclear power**

Poland has a relatively long history of attempts to introduce nuclear power to diminish dependence on imported gas and environmentally problematic coal. However due to the Chernobyl disaster in 1986, the Polish public has been strongly against building nuclear plants in the country. Having no nuclear plants of its own, in 2006 Poland joined Lithuania, Latvia and Estonia in building a new nuclear power plant in Lithuania. The concept of adding nuclear power to the Polish diversified energy portfolio was revived in 2005 and has been subsequently included in the nation's energy policy strategy. The pressure to introduce nuclear energy in Poland grows proportionally with the increased costs of greenhouse gas emissions within the EU. In 2009, the Government appointed a Special Envoy for Polish Nuclear Energy, who is responsible for introducing nuclear energy to into the Polish energy mix. As identified by the Ministry of Economy, nuclear is the most cost effective way to deal with CO2 emissions without decreasing energy production. Aiming for energy independence, Poland plans to construct at least 2 nuclear plants, which according to Polish energy security stance

will more likely be state-owned (Kulczynski, 2014). Hence, this is a long-term perspective that if taken forward by the government will come in place by 2025 and will not be able to affect considerably the EU 20-20-20 climate change targets. However, after the Fukushima disaster and German nuclear phase out decision, the date of nuclear introduction might be postponed even further.

- **Renewable energy sources**

Poland shares the EU 20-20-20 targets and adheres to the development of sustainable and low-emission economic growth, as the Energy Strategy of 2009 implies. Directive 2009/28/EC of the European Parliament and of the Council imposes an obligation for Poland to achieve a 15% level of renewable energy in final consumption and 10% level of biofuels in transport fuel consumption by 2020 (European Parliament and the Council of the European Union, 2009a). Despite the EU attempts to stimulate countries to increase the implementation of renewable sources of energy, Poland has technical problems with its implementation due to its dated infrastructure. The reason is that renewables should be incorporated into the electricity grid, but the Polish grid is very weak and limited in its capacity (Interview 18). Technical safety with the overload of the electricity grids will inevitably arise.

In general, the implementation of renewable energy sources in Poland is very slow and inefficient and its use in the electricity sector is significantly less than EU's expectations. From October 2005 'Green Certificates' were introduced for the electricity sector to encourage green energy thinking (Muras, 2011). However, Poland does not seem to take EU's green energy vision as a key energy security priority. Poland vetoed the EU Council resolutions on the EU climate energy package twice within a year of 2012. These resolutions included 'unfavourable' for Poland annual quotas for the auction emission trading scheme and enforcing climate change and CO2 reduction targets (Torello and Kruk, 2012). Since the EU Commission is strongly against power generation plants based on coal and also proposes the increase of greenhouse emission cuts from 20% to 30% by 2020 – Poland will struggle to supply the country's economy. It will also trigger the growth of electricity and gas prices. Some Polish Members of Parliaments in the EU and Poland (like Konrad Szymanski and Jan Szyszko) criticised the EU climate package as being ignorant of economic consequences (Economic Forum, 2012). For Poland, heavily relying on coal-based production, such regulations would destroy the country's competitiveness potential. As an official from MSZ stated, 'Until we find shale gas in Poland – there is no chance Poland will agree any climate change targets, there is simply no room for climate change options' (Interview 16). In order to balance the substitution of coal with natural

gas, which comes at very high prices from Russia, 'Warsaw seeks to transcend the energy-security and climate-change policy dilemma, which is not without consequences on the country's spending on primary resources' (Raszewski, 2015: 34).

6.1.3.2. Diversification of External Gas Routes and Country Sources

Like many other CEE countries, Poland lacks a variety of non-Russian gas delivery routes. Market liberalisation and the development of regional infrastructure will create competition for Gazprom's gas and will allow gas to be traded as commodity, without any possible political leverage on it. To balance the east-west Russian gas pipeline network, Poland needs to develop north-south infrastructure. Poland is prepared to create a regional interconnected gas market with other CEE countries so that in case of emergency it can import gas through interconnectors from Slovakia, the Czech Republic and Hungary. This market should be integrated not only by a pipeline network, but through a transparent regulatory regime. The Ministry of Foreign Affairs believes that if the gas and LNG markets were fully integrated and as well-functioning as the oil markets - there would be no security issues in Poland with the suppliers like Russia (Interview 16).

Despite Polish energy diversification aspirations, since late 1990s Poland made only two major attempts to diversify gas delivered from Russia through alternative infrastructure routes and suppliers. The first one was made under a right-centrist AWS–UW coalition government (1997-2001) to connect the North of Poland with the gas pipeline to the Norwegian Continental Shelf, importing gas from the Norwegian Statoil and Danish DONG companies. However, the project called the 'Baltic Pipe' never came to life as the centre-left party that came to power in 2001 considered the project economically unviable (Interview 17). False trust and mistaken calculations led to the view that the Russian gas will be cheaper than that from Norway and Denmark in a long-run (Interview 17). Another attempt to revive plans to build the off shore pipeline from Denmark to carry Norwegian gas was made in 2006 by the centre-right PO/PsL governmental coalition, and it remains on the level of negotiations. Taking into account that since 2006 nothing has moved forward, the project can be regarded unsuccessful and incomplete. The example illustrates that changing governments and pursuing no continuity in the governmental decisions about consistent energy policies affects Polish energy security.

The second attempt to connect Polish and German gas distribution systems through the Bernau-Szczecin gas pipeline was made in the early 2000s (the initiative about the reverse gas flow from Germany through the EU will be specifically described below).

However, in an energy market that is heavily controlled by the Polish state, due to the fact that the Bernau-Szczecin gas pipeline was a project of German Ruhrgas and a private energy company Bartimpex (owned by the Polish businessman Aleksander Gudzowaty), the pipeline was not approved by the state. One of the reasons behind it was the personality of Gudzowaty, who remained a controversial figure and was believed to have close connections with Gazprom, reflecting Russia's interests on Polish market (Kupchinsky, 2009; Interview 14). At that time neither centre–right government under former Prime Minister Buzek (who during 2009-2012 was the President of the European Parliament) nor the Ministry of Economy favoured neither PGNiG's involvement in this deal nor the participations of private individuals in cross-border energy trade (Morka, 2001; Interview 10). In addition, the source and the origin of gas in this project would have still been Russia, just the supplying party would be German Ruhrgas (Orban, 2008), which in the non-integrated EU market was rather insecure. Both projects that could potentially involve more reliable supplies from other European countries failed.

The above illustrates that Poland struggled to find substitutes to Russian gas, thereby increasing perceived insecurity. With the exception of the most feasible option for diversification of energy types being the LNG (with the terminal already being built and close to finishing), Poland is apprehensive about introducing controversial nuclear power due to public resistance, overly cautious in pushing forward the novelty of shale gas, which Poland is believed to have in abundance, and struggles with promoting politically unpopular renewable sources. In addition, the diversification of energy routes and suppliers through the Norwegian and German gas supply projects was poorly supported by political will and suffered from inconsistent governmental decisions. While Poland's diversification of energy types has not used the discourse of Russia actively playing the determining factor in Poland's energy insecurity, the diversification of the supply routes and country sources has been undermined with rather politicised anti-Russian discourse. The political rationale for socially constructed energy security threat is especially visible in the example of the Nord Stream pipeline from Section 6.2.1.

6.2. Polish Attitudes towards EU Energy Policy

The section uncovers a variety of Poland's attitudes towards energy security and the EU's development of an integrated energy market. Being left out of the Nord Stream project illustrates the meaning Poland attaches to uninterrupted energy supplies and the concept of EU solidarity by presenting the Nord Stream as an energy security

threat. The supremacy of country's national interests is explicated not only in the examples of the Nord Stream, but the Polish stand on the EU gas market liberalisation procedures.

6.2.1. Poland's View on European Energy Solidarity: the Nord Stream Example

Regardless of the fact that solidarity is mentioned in most of the EU treaties, the 'new MSs' were the driving force behind the institutionalisation of solidarity and embedding it within the EU regulatory framework in mid-2000s. Solidarity in energy security and the internal gas market is naturally more appealing to countries from a more gas dependent CEE region, where smaller and weaker MSs try to generate a 'mass effect' in energy policy and decision-making. Historically, Poland has been actively promoting solidarity values in the EU (Roth, 2011; Misik, 2015), in reference to the successful example of the anti-communist 'Solidarnost' trade union movement in 1980s. Since joining the EU Poland was the one actively advocating for the significance of a commonly shared and coherent approach to energy on both internal EU and international levels (Ministry of National Defense of Poland, 2007; Naimski, 2007).

The Nord Stream example represents not only a security issue that evolved around the EU's choices of diversification projects and the pipelines routes, but for a long time the Nord Stream remained a focal issue of Polish understanding and conceptualisation of the solidarity principle in the EU. It illustrates that from 2004 European energy diversification was politically and economically underpinned by the political constructions of the individual EU MSs. According to Raszewski:

> The fact that Poland has not benefited from its geopolitical locus, ideal for playing a role in the region as a key transit country for Russian oil and gas exports, makes for geopolitical constraints in the background of its energy insecurity perceptions (Raszewski, 2015: 32).

At first, politically grounded trepidations from the Polish side towards Germany appeared in 2005, when German Chancellor Angela Merkel failed to fulfil her declarations made during her visit to Poland in June 2005 about Poland being a part of the Nord Stream project (Koszel, 2007: 260). After several political statements made by German governmental officials about favouring the direct off-shore route[60] for the pipeline from Russia to Germany (which according to expert estimations would have

[60] To eliminate the effect of the off-shore route, Poland advocated for the inland route of the Nord Stream, called Amber that would also go through Poland and the Baltic States. However, Russia did not accept the proposal.

been cheaper to build), Poland tried to raise its energy insecurity concerns by utilising political tools of influence. Being under an economic embargo regarding the export of meat to Russia since November 2005 and disappointed by the lack of political understanding from Berlin, Poland vetoed the PCA re-negotiations with Russia in November 2006, just before Germany would have taken over the EU Council Presidency in the EU in January 2007. This undermined Germany's international image as it failed to put forward the development of the EU Neighbourhood Policy and to re-negotiate the PCA with Russia, both priorities of German EU Council Presidency's agenda (Ferrigno, 2006: 8).

After the off-shore pipeline route was officially confirmed, the Polish state evaluated this project as undermining Polish energy security and European solidarity between the EU MSs. The Polish anti-Nord Stream position could be explained by a range of geopolitical, economic and environmental concerns, expressed by the official sources from the Ministry of Economy and the Ministry of Foreign Affairs. The Minister of Economy in Poland (2005-2007) Wozniak claimed that the project placed an 'environmental threat' (Ministry of Economy of Poland, 2007) and the route of the Nord Stream was supposed to go through a Polish exclusive economic zone (Wozniak, 2007). In addition, Poland was concerned that placement of the pipeline within the sea bed was dangerous due to the old ammunition on the bottom of the Baltic sea left from World War Two. According to Spokeperson Bosacki from the Ministry of Foreign Affairs of Poland (2011) the off-shore route of the pipeline jeopardised Baltic Sea navigation and access to Polish sea ports of Szczecin and the perspective Swinoujscie LNG terminal. Many investigations with the involvement of the Polish part were carried out during the pipeline construction. The Nord Stream consortium successfully completed the 'Environmental Impact Assessment' according to the 1991 Espoo Convention to tackle all the possible environmental concerns in Poland.

To satisfy the environmental concerns appeared to be much easier than to diminish Polish political and economic trepidations, which remained through all stages of carrying out this pipeline project. Notably, the majority of the observed foreign policy concerns were raised not by the Ministry of Foreign Affairs, but the officials from the Ministry of Economy, which indicates two things: first, Poland views energy diversification from a merely politicised perspective; second, the competences of the Ministry of Foreign Affairs and the Ministry of Economy overlap and are poorly defined, making an understanding of how exactly Poland executes its energy security complex.

Thus, Poland feared fears that the Nord Stream intended not to bring additional Russian gas to the EU but to redirect the existing gas flows through Poland. The former

Minister of Economy Wozniak stated that 'the investment poses a serious threat to Polish national security. It negatively affects inter alia the transit and supply of natural resources through the Yamal-Europe and Druzhba gas pipelines' (Wozniak, 2007). Those threat perceptions were supported by the former Secretary of State responsible for energy in the Ministry of Economy Piotr Naimski. He noticed that this threat will 'increase the risk that Russia will be able to limit unilaterally the supplies not only to Poland, but also to Ukraine, Estonia, Latvia, Belarus, Lithuania, Slovakia or even Czech Republic while keeping other – i.e. Western – consumers supplied' (Naimski, 2007).

The 'divide and dominate' geopolitical discourse went further in Poland when the Minister of Foreign Affairs Sikorski (2005-2007) at the Brussels meeting in 2006 referred to the Russian-German bilateral project as being a 'new Molotov-Ribbentrop' pact (BBC news, 2006) aimed against Poland that virtually jeopardised the idea of European solidarity. In this case both Russian and German actions posed a threat to Polish national security. This statement received much attention in the mass media and was harshly criticised by the European political elites (especially in Germany), to whom historical associations of such type remain a sensitive issue. Mainly during the Conference in Columbia University in December 2007, the main promoter of the Nord Stream, former Chancellor Gerhard Schroeder, categorised the opposition towards the pipeline as being 'a sheer political counter-pressure based on historic givenness that should not interfere in European energy discussions' (Schroeder, 2007).

It is important to understand Poland's rationale behind the amalgamation of energy and national security concerns, leading to over-politicisation of energy relations with Russia. One of the Polish justifications for exposing a variety of geopolitical reasons lay in the economic rationale of the profit omission. By bypassing Poland's territory, the country loses an opportunity for receiving transit fees through transmitting gas over Polish territory and by that have additional leverage on Russia in the contract negotiating process. These reasons were also discussed in the Ministry of Economy but were rarely acknowledged and articulated in the public speeches (Interview 18.).

In addition, if energy security and uninterrupted gas supplies were as important as Poland initially presented, then it is logical that any additional gas supplies and connections to the German part of the pipeline would be vital for the country. However, when Germany suggested the connecting pipeline from the German brunch of the Nord Stream to Poland, the Polish government officially rejected it. Polish national pride and individual interests prevailed as Poland at that time officially refused to build the interconnector to receive any 'Russian gas from the same pipeline and the same gas

supplier' (Interview 10). In addition, it could undermine Poland's diversification goal of the construction of the LGN terminal at Swinoujscie. If Poland agreed to build interconnector between the OPAL and the Polish gas system, then it would help 'Russian and German companies to win the competition with the LNG terminal, which is a part of not only economic security, but energy security' (Interview 17; Misik, 2015). Additional Russian gas could lock up the market and create unwanted competition to the gas from Qatar[61], since the gas market in Poland is not big enough to accommodate both.

By trying to convey its anti-Russian message of an energy threat to the EU, Poland jeopardised supranational commitment to energy solidarity in building interconnectors within the EU to secure supplies in cases of disruptions (Article 194 of the Lisbon Treaty 2007) and as a result forges the EU energy market liberalisation intentions. In theory, for the EU emerging energy market it should not matter where the gas comes from and what is the first country of entry, as long as it can freely circulate on EU's territory (Interview 9). Russian gas cannot be identified precisely in the EU's distribution gas system. So the gas Poland could have received from the entry-exit point of the German gas network would be the mix of Russian and Norwegian gas, rather than purely Russian gas.

Overall, the Nord Stream project explicated the importance of uninterrupted energy supplies for Poland as a part of energy security conceptualisation and provoked a chain reaction of Polish negative threat perceptions not only towards Russia, but also damaged relationships with Germany. It illustrated that the EU integrated energy market does not work and is undermined by politicisation from the European side, since it matters for the EU and its members where to and from the gas arrives. It also proved a vivid example of politically constructed and exaggerated attitudes of Poland to make something to become an energy security issue, based on general national security concerns that are often hiding behind presented economic justification for their opposition to the Nord Stream. Moreover, the Nord Stream illustrated that individual EU MSs' interests prevail over common European energy interests (as Section 5.4.3. demonstrated of the Nord Stream being a 'project of European interest') that weakens not only the EU common energy market objectives to develop energy interconnectors, but also European coherence to promote energy security of supply.

[61] The largest Polish chemical plant 'Police' in the north of the country is a big industrial gas consumer that is expected to receive gas from the LNG terminal.

6.2.2. Polish Attitude towards the EU Liberalisation

Until recently, much of Polish energy security depended on the preservation of monopolistic control on the domestic energy market and state-controlled competition. For a long time Polish political elites and PGNiG's management were reluctant to change a vertically integrated Polish gas market structure and allow competition to PGNiG. This could be explained not only by the lack of political incentives, but also the unfavourable conditions in the Polish private energy sector, which was at the embryonic stage of development. With growing energy needs and limited diversification options, the country was put in a vulnerable energy position in early 2000s, which was successfully exploited by Russia. When the new gas market liberalisation approach was introduced by the EU, the same political actors were having problems with letting go control over the monopolist market. Problems with embracing liberalisation only contributed to Polish energy insecurity. This section analyses Poland's resistance the new EU gas liberalisation packages and presents negative implications of Polish protectionism.

As a newly joined member of the EU in 2004, Poland has to comply the EU energy regulations and transmit the legislative acts into the national law. According to the 'Declaration on the implementation of Community Law' in the Final Act and Declarations of the Maastricht Treaty of 1992 (1992: 9), the MSs have to 'fully and accurately transpose into national law the Community Directives' and maintain deadlines, as one of many forms of effective coherence. Hence some of the EU MSs, including Poland, often fail to comply with the implementation of EU energy regulations internally. The EU Commission, which is acting from a scrutiny-based position towards the EU MSs, monitors the implementation of energy liberalisation packages and applies infringement procedures towards the countries, which fail to do it properly or on time.

For instance, the EU Commission was dissatisfied with Poland's violating some of the procedures of the Second Energy Package mainly in the wholesale sector such as:

> regulated wholesale and end user prices in gas; lack of transparency of the conditions for third-party access to natural gas transmission networks and failure to put in place appropriate procedures for dealing with consumer complaints; lack of congestion management and transparency provisions concerning access to the network for cross-border exchanges in electricity (European Commission, 2012b: 125-126).

However, even though Poland should have been favouring the provisions of the Third Energy Package that facilitated 'full unbundling' principle, Poland struggled to facilitate further market opening. According to Roth:

> While the Polish government recognises the potential of the internal energy market to increase its energy security, Warsaw has voiced concerns over further liberalisation. Polish officials remain deeply suspicious of Russian investment into the Polish energy infrastructure and stressed that the ownership unbundling foreseen in the third internal energy market package should not lead to hostile, foreign takeovers of transmission systems (Roth, 2011: 609).

The EU Commission had to undertake legal actions against Poland's non-compliance with the EU laws. Among other things the Commission alleged that Poland did not deregulate whole sale gas prices fully, did not provide sufficient opportunity to change suppliers and had poor protection mechanisms of vulnerable customers. The EU Commission referred the case to the Court of Justice in October 2012, when Poland failed to meet the final deadline for choosing the unbundling type and applying for the TSO, as the choice of the unbundling system had to be done by the MSs by the third of March 2012 (Balicki, 2013). Thus by the end of 2012 Poland transposed the key Gas Directives only partially. Deriving from the above analysis of inefficient Ministerial structure responsible for energy, the delay of domestic legislative process can be explained by lengthy public and inter-ministerial consultations.

In fact, those were not Poland's only infringements with the implementation of the Third Energy Package. In order to comply with EU 'unbundling' provisions, aiming to separate PGNiG's production from transmission and distribution, GAZ-SYSTEM transmitting operator was specifically created for that reason in 2005. Having no clear indication, who exactly can buy transmission networks, GAZ-SYSTEM that was owned by PGNiG initially, was finally sold to the Ministry of Treasury.

Thus GAZ-SYSTEM became an important player not only in Polish transmitting network, but also in building and operating the projected LNG terminal at Swinoujscie. As a result of the implementation of Directive 2003/55/EC, concerning common rules for the internal market in natural gas, GAZ-SYSTEM was fully unbundled in legal, functional and accounting terms from PGNiG in 2007 (OECD, 2014b). However, according to the obligatory ownership unbundling for the TSO advocated by the European Parliament and the EU Commission, Poland had a rather 'cunny' way to pursue the unbundling of the TSO (Interview 10). Thus, Article 9 of the Gas Directive 2009/73/EC (2009b) states that the same person cannot 'control' generation,

production, supply and TSO at the same time or exercise 'any right' over TSO (including holding the majority of shares or voting rights). In theory, different companies are involved in production and distribution - PGNiG and GAZ-SYSTEM, and third party access is provided (but only to state-owned companies so far). Owing only 51% of the gas transmission networks in Poland, GAZ-SYSTEM has a 17-year operational leasing agreement with PGNiG, which owns the remaining network (since 2005). It means that Poland will not reach the full ownership unbundling of the TSO until the year of 2022 (European Commission, 2010).

Since ownership unbundling of the TSO is aimed to avoid conflicts of interest between producers and suppliers and to make sure that TSOs take their decisions independently (European Commission, 2013c), it is unclear how GAZ-SYSTEM TSO complies with the requirements of the Third Energy Package, being controlled by the Ministry of Treasury, which 'presently supervises also other entities in the natural gas market involved in production' (The President of the Energy Regulatory Office in Poland, 2013: 43). Emphasising that the Polish energy market is not open to new entries and lacks competition, a Polish energy expert claims that as both companies are owned by the same state body – the Ministry of Treasury, and in practice it would mean that unofficial control belongs to the same decision-makers (Interview 14).

Deriving from the EU Commission's own explanation of the ownership unbundling (European Commission, 2013c: 2), it is unclear how and why the European Commission does not find this way of market liberalisation and opening to competition problematic, unfair or dubious. Acknowledging that the EU Commission initially favoured full ownership TSO unbundling, independence in the decision-making, 'effective competition' (European Parliament and the Council of the European Union, 2009c: 41), 'effective level of regulatory supervision' (*ibid:* 37) and 'non-discriminatory, transparent and effective access conditions to the network' (*ibid:* 38), then it is unclear what the EU means by such 'effectiveness'.

In conclusion, Poland's trepidations towards supply disruptions from Russia explained opposition towards the Nord Stream and a general feeling of vulnerability was expressed by resisting the liberalisation of the Polish energy market according to EU standards. Poland's resistance to the EU energy packages was largely determined by its geographic location, structural peculiarities of the Polish domestic energy market, endowment of certain energy sources, resistance to easing the monopolistic control of the energy market by PGNIG, and opportunities in the political context of being a part of the EU to develop its energy mix in a certain way at the given period of time. Poland used the flexibility of the EU's imperfect gas market legislation to its advantage and

justified the lack of political will of its key energy players to pursue changes on the domestic energy market by anti-solidarity and anti-Russia politically constructed threat perception rhetoric (as the examples of the Nord Stream and the unbundling revealed). EU's acquiescence to such behaviour confirms that the EU cannot yet guarantee the effective functioning of the common European energy market and its fully-fledged energy authority.

6.3. Understanding of Polish-Russian Energy Relations

The geopolitical and historical context of Poland-Russia energy relations highlighted in the beginning of Chapter 6 helps to put their energy relations in perspective. Understanding of the importance of physical energy security for Poland in terms of 'uninterrupted availability of energy sources' (European Commission, 2006: 6; IEA, 2013b) and the country's stance were already mentioned above, while analysing Poland's energy diversification attempts and perceptions of the Nord Stream project. This section explains the country's growing anti-Russian fears about physical security of supply by analysing, firstly, Poland-Russia inter-state and inter-company energy relations through disputes about IGA renegotiations and the gas pricing; and secondly, the development of a politicised foreign policy approach to energy (Szczerbiak, 2012; Raszewski, 2015).

6.3.1. The Nature of Polish-Russian Energy Interplays

- **Polish-Russian Energy Contract (Re)negotiations**

Polish-Russian energy interactions are best understood through interactions between the longest functioning vertically integrated monopolist in Poland PGNiG and its key gas contractor Gazprom. Consequently, both companies have rather stable knowledge and expectations of each other's management styles and business negotiating practices. For a long time inter-company strategic relations were mutually shaped and their market policies were reflective of a similar approach to the energy market, especially in terms of protecting their energy markets from opening and liberalisation (Interview 14; Interview 17). As a Polish energy expert noted (Interview 17), Russian-Polish energy relations were functioning according to the 'unwritten' agreement to divide the energy market, where PGNiG would control the whole supply chain and does not let Russian capital in (except Yamal-Europe pipeline), and Gazprom will remain the main singular commercial partner for Poland.

Until the liberalisation of the EU gas market, there was a sense amongst the above interviewed Polish energy experts of a resemblance in the nature of Gazprom and PGNiG. Hence, Polish governmental officials from the Ministry of Economy emphasised PGNiG's advancement in liberalising the Polish energy market (compared to rigid vertically structured Russian energy market). Thus, unlike Gazprom, with total control over the Russian gas market, PGNiG has unbundled production areas from transmission, allowing third party access and delegating its responsibilities over the Polish part of the Yamal-Europe pipeline to the operator GAZ-SYSTEM. The official sources from the Ministry of Economy (2012) illustrate its fair and equal treatment of all market participants in Poland, avoiding mentioning that both companies are owned and subordinated to the same state department, which in the Polish case makes little difference for the decision-making on the ground.

For comprehending the nature of Polish-Russian energy relations, a particular prominence should be given to inter-company contracts and IGAs. The renegotiation of the gas agreement provisions can be considered a critical juncture in Polish-Russian relations as usually it represents a time for mutual disparities, during which countries' interests, perceptions and fears are revealed. While IGA's information is relatively accessible, access to the majority of gas contract information is considerably restricted due to commercial confidentiality and information sensitivity. Therefore, most of the company information is scrutinised on the basis of the available secondary data and primarily sources of expert opinions, which are not bound by commercial obligations.

Hitherto, Russia and Poland have been cooperating on the basis of agreements made in the 1990s and 2000s, which laid the foundation for further development of Polish-Russian gas interplays. The IGA of 1993 and the inter-companies contract of 1996 created the conditions not only for domestic gas consumption in Poland, but also transmitting possibilities to other EU member states. On August 25th 1993 a ten-year trilateral IGA for gas supplies between Polish monopolist PGNiG, Polish-Russian joint venture EuRoPol Gaz S.A. and Russian Gazprom took place, followed by the 1996 inter-company agreement. The contracts had two main aspects: a specific volume for imported Russian gas to Poland on the basis of a 'take-or-pay clause' and the construction of two branches of the Yamal-Europe pipeline were agreed. Both provisions appeared to be problematic, creating energy threat perceptions and conflicts for the following 10 years.

Firstly, the specific amount of gas needed to satisfy Poland's internal long-term energy needs was hugely overestimated and according to the contract obligations was not easy to adjust. The expert from the state-supervised research institution Centre for

Eastern Studies (OSW), partly blamed Polish authorities that failed to envisage and calculate the needed volumes of gas for the country in 1993 properly (Interview 15; (Bouzarovski and Konieczny, 2010: 9). Poland did not need as much gas as was initially agreed on. As a result, it put Poland in an unfavourable financial position as under the 'destination clause' Poland could not re-sell the gas, but still had to pay for the agreed amount on the basis of take-or pay conditions.

Secondly, the costs of Yamal-Europe construction should have been shared by PGNiG and Gazprom in proportion to the amount of the pipeline capacity that was used by the parties. Since Poland struggled to cover the essential construction costs of the pipeline compressor stations, EuRoPol Gas had to take a loan from the bank owned by Gazprom (Gazprombank). So for a long time the company was unprofitable as it had to cover the loan from fees paid for transiting the gas. The situation was escalated by the threat of Gazprombank to EuRoPol Gas if the latter does not pay its debts back (for more information see Orban (2008: 69-71). As with Gazprom's approach to Ukraine in the mid-2000s, being financially indebted and dependent on Gazprom placed Poland in even more vulnerable position of financial and energy dependence on Russia.

In regards to the main contract of the 1990s, several amendments were undertaken during the last decade. Due to technical overestimation of Polish gas demand and the existence of the 'destination clause' in the contract, PGNiG tried to modify the provisions of the initial contract with Russia. Renegotiations of the IGA in 2003 ended with the annex to the contract of the companies of 1996 between Gazprom and PGNiG. PGNiG agreed on dropping the previously binding obligation of construction of the Yamal-Europe-2 pipeline and Russia agreed to decrease the gas volumes by 34.5% from 2003 until 2020 (Orban, 2008: 72). Other sources claim that the disagreements about the necessity of building the Yamal-Europe-2 pipeline can also be attributed to problems with financing the two additional compressors, 'lease of land from local farmers, the levels of transit fees and taxes charged by the Polish authorities' as well as the volume of imported natural gas (Bouzarovski and Konieczny, 2010).

In any case, Poland lost the battle to promote the construction of Yamal-Europe-2 pipeline. In the meantime, aiming to expand Russia's supply portfolio, Gazprom offered to build 'Peremichka' gas pipeline that would go from Belarus to southern Poland and then connect to Slovakia, bypassing Ukraine. Polish rejection of this pipeline was based on three rationales. Politically, some circles did not want to damage Ukrainian interests by creating an alternative Russian route and putting political pressure on Ukraine (Interview 17). Euro-Atlantic integration of Ukraine was considered to be Poland's foreign policy priority (Longhurst and Zaborowski, 2007; Roth, 2011: 601) and

Ukraine was regarded ‘a key Polish ally in the region’ (Bouzarovski and Konieczny, 2010: 9). Economically, it did not make much sense for Poland as the pipeline would lie in an area with low gas consumption and in this case Poland would be just a transit territory for the Russian gas. However, when Poland suggested modifying the pipeline route to the southeast, which would connect to the industrial area of Silesia, with its higher demand for gas, Gazprom did not find it appealing. Environmentally, the concern was that the suggested ‘Peremichka’ pipeline route would also go through a national park and protected areas of Poland (Gorska, 2009). Disagreements over Yamal-Europe-2 and ‘Peremichka’ and the lack of compromise aggravated energy tensions between Poland and Russia. After realising Russia’s political intentions to ‘block’ Ukraine from its gas supplies, Polish energy supply insecurity grew stronger during the Nord Stream case. Polish political elites believed that Russia would be able to switch off the gas not only to Ukraine, but to the whole region (Interview 17).

The idea of Yamal-Europe-2 construction revived again in 2009. Trying to oppose the Nord Stream, Poland raised the issue of the pipeline construction as it would not require massive investments as the infrastructure and the capacity possibilities are already in place (only another compressor was needed). However, the feasibility of increasing the capacity of gas flows in the same direction was neither in Russian interests nor the EU’s since, unlike the Nord Stream, Yamal-Europe-2 did not diversify the routes or sources of gas supplies, according to the EU infrastructure priorities (Interview 18). It seems unclear if Poland felt truly insecure about Russian energy policies and pressure for particular type of decisions, why would it want to increase the amount of supplied Russian gas. As well as why would Poland choose to commit itself politically and economically to another infrastructural project from Russia (be it Yamal-Europe-2 or even the Nord Stream), rather than developing its internal gas sources that shown in the example of Polish Geological Institute the country has in abundance. If Polish gas consumption since 2004 retained almost the same level, increasing by not more than 2 bcm (see Table 2), additional gas would be needed only if a regional interconnected gas market was constructed between Poland, Slovakia, Czech Republic and Hungary, where Poland could play the role of a hub and a gas re-distributor (Interview 16). The economic rational of receiving additional transit fees can explain Polish desire for additional gas, but otherwise its anti-Russia energy security rhetoric about the increasing reliance on gas imports is hardly justified. Logically, Poland needs the security of already existing gas supplies from Russia and would prefer diversified supplies rather than the increase of the gas amount *per se*.

Nevertheless, the most important energy security re-negotiation between Poland and Russia took place in October 2010, when new IGA with Russia was reached and vital

contract amendments took place. These were the negotiations when not only companies-contractors were involved, but also governmental authorities and EU representatives. As usual, the Russian-Polish gas contract was revised with some advantageous and some negative conditions for Poland, but the intensity of the negotiations and securitisation after the 2009 gas crisis were high.

Firstly, during the IGA revision the limitation of the time frame of the contract with Gazprom and gas amount were set. Poland and Russia agreed on gas supply until 2022 (with the possibility to extend this period until 2037) and agreed to increase the contractual amount of import from Russia up to 11 bcm per year starting from 2011. Poland will preserve its transiting obligation to transmit gas via Yamal-Europe to other EU countries until 2019 with possible extension up to 2045 (Gazprom, 2010). The elimination of the 'destination clause' imposing territorial sales restrictions to other EU MSs is regarded to be another immense achievement for Poland (IEA, 2011a: 13), as if needed additional gas can be re-exported to other countries.

Besides widespread arguments that binding increase of gas deliveries is aimed to prolong Polish dependence on Gazprom, there is a number of obvious foreseen disadvantages. Surely, if Poland commits covering domestic supply with the imported Russian gas on a long-term basis, there will be no incentives to invest into energy diversification projects or develop local gas reserves. The diversification prospects of producing LNG and shale gas (which are believed to be cheaper than imported pipeline Russian gas in the long run) and energy security can be endangered by the long-term rigid commitments.

Secondly, in 2010 IGA re-negotiations resulted in shifting the property rights of the Yamal-Europe pipeline from Russia-Polish company EuRoPol Gas to the independent operator GAZ-SYSTEM. As an independent operator GAZ-SYSTEM 'will be responsible for concluding transmission contracts on a non-discriminatory basis' (Oettinger, 2010b). Hence, despite GAZ-SYSTEM becoming a gas transmission operator of Yamal-Europe, it can provide only formal third party access to the pipeline. In reality, third-party access to the pipeline is very limited and can be provided only if Russian technical capacity decreases. This however is unlikely to happen in the foreseeable future as the full amount of contracted gas from Russia was agreed to be supplied by Gazprom.

Thirdly, the possibility of having a bi-directional virtual reverse flow[62] occurred (Interview 16). The reverse flow will allow importing the same Russian gas from Germany on spot prices (that even with German added value remains cheaper). The positive aspect of this take-or-pay flexibility in the contract with Russia and the additional 3 bcm of imported gas from Germany is the market pressure created on both monopolists – Gazprom and PGNiG (Interview 16). Compared to 2006, when there were no alternatives for Gazprom's gas, after 2010 the Polish bargaining position in the negotiations with Russia is much stronger due to the increased transmission capacity between Poland and Germany. This in turn creates an additional so called 'energy safety cushion' for Poland[63].

Generally, Polish authorities and PGNiG were satisfied with the negotiating process, calling it a mutually beneficial compromise (Interview 10; Interview 16). The main energy industries reaffirmed the success. In January 2010, the moment after the deal, the PGNiG's Chief Executive Michal Szubski concluded that 'The accords reached put an end to the 10-year period of disagreements and open up prospects for favourable cooperation' (Gazprom, 2010).

Interestingly, these 'bilateral' contract negotiations, which by definition should be discussed between two parties, were observed by a third party – EU officials from the DG Energy, invited by the Polish side in February 2010. The Commission's presence aimed to prevent breaching the EU new energy legislation and to promote compliance with the market liberalisation principles of the Third Energy Package. According to Regulation No 994/2010 of the European Parliament and of The Council of 20 October 2010 concerning measures to safeguard security of gas supply, the Commission was interested in free access to third parties and an independent operator for Yamal-Europe pipeline transit route through Poland. The EU Commission's scrutiny of the energy negotiations demonstrated yet another example of Poland being reluctant to fully embrace the implementation of the Third Energy Package (which can be added to the list of Polish obstacles to the EU market liberalisation described in Section 6.2.2.). The misunderstandings occurred about the division of the bilateral control between PGNiG and Gazprom over the Yamal-Europe operator, as both companies were reluctant to delegate the control to a third party (Interview 10). According to the

[62] The trading point allows the gas to be traded after the entry and before the exit within the transmission network. Annual Yamal capacity is about 33bcm, 3bcm of volume is delivered to Poland. But the capacity of the pipeline exit points is 6bcm. Taking into account that there are two exit points to the Polish domestic gas system, the difference between them – is 3bcm. That volume Poland can extract from Yamal by importing gas on German-Polish border, without asking for 'Russian approval'.

[63] This virtual reverse flow became actual in March 2014 after conversion of network interconnectors, when first successful auctions for capacities to Poland took place.

Economist, by preventing Poland from expanding its gas contract with Gazprom and by demanding to incorporate 'critical ownership unbundling regulations', the EU Commission created some discontent within the Ministry of Economy, in particular causing some criticism from Waldemar Pawlak, who was the Minister of Economy from 2007 until November 2012 (The Economist, 2010). While the Ministry of Economy was eager to solve this issue between PGNiG and Gazprom individually (Interview 10), the Ministry of Foreign Affairs was eager to support the European Commission in opening access to the third party (Interview 16), even though the Third Energy Package has not yet been fully transported into Polish national law. Thus, discontent reflected the external incoherence of Polish energy policies and the inconsistence between the Ministerial institutions in their attitudes not only to Russia but also to the EU's energy market liberalisation. It also demonstrated the selective Polish approach to dealing with energy security issues: if the country feels overwhelmed with economic disagreements with Gazprom, it seeks selective political support from the EU Commission, but only when needed. That is where the political element of threat exploitation comes into place.

- **Gas Price Disputes**

Likewise with the EU, Poland's energy relations with Russia are undermined by high energy prices, about which Poland engages in open confrontations with Gazprom. Despite occasionally receiving some price discounts from Russia for the purchase of gas amount beyond the contractual volumes, Poland has been constantly trying to address its price security by disagreeing with high contractual prices it has to pay for the Russian gas. Soon after the 2010 IGA agreement was reached, Polish energy companies started to renegotiate the price for gas (this question is legally allowed to be raised every 3 years). Since 2011, PGNiG have been fighting for price revision through trials with Gazprom in Stockholm arbitration (where due to the business ethics and confidentiality the Commission is not allowed to be present during the gas price negotiations). According to the President of PGNiG's Management Board Shubskij at that time, the request was to increase the amount of gas being bought on spot market price (as opposed to take-or-pay contract which has the minimal limit of 85%) and revising the Groningen oil-indexed formula that was being applied in Europe since 1960 for identifying whether gas prices should be modified (Shubskij, 2011). In 2010 the average price for 1000 bcm for Poland was 336 US dollars, compared to 271 US dollars for Germany, 306 US dollars for France and 331 US dollars for Italy (*ibid.* 2011). According to the Minister of Treasury Budzanowski the gas price for Poland is even higher, around 500 US dollars (Radio Poland, 2012). Both the Ministry of Treasury and the Ministry of Economy consider it 'absolutely unacceptable', taking into account

Poland's territorial proximity and the volume of consumed Russian gas. Poland is the third largest importer of Russian gas in the EU after Germany and Italy. According to the Minister of Treasury Budzanowski 'We want to be treated on the same basis as other customers in Western Europe. Europe is still divided into the countries of Central and Eastern Europe and Western Europe. A wall still runs through Europe along the River Oder [...] it is a wall created by Gazprom' (*ibid.* 2012).

Russian authorities partially explain such a price for Poland as being based on the amount of imported gas, claiming that Germany gets bigger discount due to larger import volumes and mutually beneficial asset swaps (Interview 2; Interview 17; Meister, 2014). Hence, Poland being the second largest importer of the Russian gas in the EU pays more than France or Italy, which import much less gas from Russia. This, in turn, makes the price issue look more political for Poland than the economy-based. According to the energy expert Mitrova (Interview 7) the gas price also partly depends on the time lag when the contract was signed and oil prices at that time (so inasmuch depending on the global oil market conjuncture at that time). In the Polish case, when the gas contract was re-negotiated in 2010, the prices in the global oil market were at a peak, which was reflected in the higher gas price (that is calculated with a 6 month time lag from the oil price).

However, Polish energy experts from the OSW related Russia's recent reluctance to provide gas discounts to the choice of the unbundling type in Poland (Interview 15). In summary, the EU liberalisation energy package and the model of unbundling entering into force in March 2010 must be transposed into Polish energy system by 2014. Therefore, Gazprom's resistance to lower the price for gas was regarded to be tactical pressure on Poland to avoid implementation of the radical form of unbundling (ownership unbundling that entirely separates production/supply from the transmission), where Gazprom can lose its full transit influence over the Yamal-Europe gas pipeline (Interview 15). Eventually in November 2012, the new head of PGNiG Grażyna Piotrowska-Oliwa and the head of Gazprom Alexander Medvedev finally reached a 'win-win solution'. They signed the supplementary agreement about the prices of the imported gas through Yamal-Europe pipeline that was revised in accordance to changed European gas market conditions, closing this case in the Stockholm Arbitration (Gazprom, 2012b).

Having a chance to observe 'Russian energy diplomacy' in practice and driven by the requests of the most gas price affected member states like Lithuania and Poland (Kanter, 2012), in 2011 the EU Commission launched an antitrust investigation against Gazprom's monopolist position with the CEE members. The main purpose was to

check Gazprom anti-competitive practices[64], and investigate if Gazprom was preventing gas trading across national borders, hindering diversification of supply and unfairly linking gas prices. Hitherto, there are not many details known about the process of the investigation[65]. The Commission tries to avoid any unnecessary speculations at this stage (Interview 9).

In conclusion, the section illustrated the historical nature of Polish-Russian energy relations and emphasised particular key points of tension, where both parties' energy interests clash. Being heavily reliant on gas supplies from Russia at a relatively high price and having a weak political and economic weight to bargain for re-negotiating the gas contracts and IGAs, Poland puts Russia at core of its energy threat debate (which will be observed below).

6.3.2. Poland's Understanding of Energy Security: The Role of Russia's 'Phantom' in the Construction of Energy Threats

In the early 2000s energy became in the primary focus of Polish politics and a high policy priority, making Polish perceptions of energy security 'remain mainly politicised and often linked to economic security and safety of supply' (Raszewski, 2015: 32; Szczerbiak, 2012: 14). Through incorporating energy security in the National Security and Defence Strategies, energy was made imperative in the country's national security and foreign policy. In *National Security Strategy of September* 2003 the meaning of energy security in Poland was attached to the national security priority in general economic and technical terms, having no correlation with Russia as an energy threat. Thus, the above Strategy states:

> Poland's energy security requires, among other things, an import policy towards energy carriers that will reduce the structural external dependence of our country, enable a diversification of the import structure and directions, safeguard reliability of the supplies, ensure favourable contractual prices and clauses…Equally important to the energy security of the State is the condition of national infrastructure, including the technical viability and functional efficiency of facilities and transport systems, transmission and distribution of fuels and energy and the level of stocks (Ministry of National Defence of Poland, 2003: 12).

[64] Especially CEE countries like Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland and Slovakia.
[65] Only in April 2015 preliminary results have been disclosed where the EU Commission sent statement of objections to Gazprom that hinders its monopolistic energy position.

Therefore, in early 2000s there was no fear of Russia, which was regarded as 'potentially unstable but credible partner' (Interview 17). Due to the Nord Stream confrontations with Russia and the first supply incidents caused by Russia's energy policies, the discourse took a very anti-Russian turn. Russia being associated with an energy threat to Poland's security became firmly rooted in the Polish political debate and official documentation. By illustrating its energy vulnerability and presenting Russia as an energy concern in the National Security Strategy of 2007 and the Defence Strategy of 2009, Poland launched the national securitisation process (Buzan et al., 1998; Roth, 2011: 601) that would eventually spread to the rest of the EU. In the National Security Strategy of November 2007, Russia was implied and directly mentioned several times in the context of energy concerns and Polish insecurity:

> The Russian Federation, taking advantage of the rising energy prices, has been attempting intensively to reinforce its position on a supra-regional level. Russia's efforts to establish closer contacts with selected Western countries go hand in hand with the imposition of selective restrictions and discrimination of some NATO and EU members (Ministry of National Defense of Poland, 2007: 6).

In addition, in the National Security Strategy of 2007, while emphasising the importance of the economic setting of energy security, Russia as the key and only major energy supplier was implied to present a risk to the country by using 'energy resources as an instrument of political pressure by some states and the growing rivalry for energy carriers contribute to greater risks in this area' (2007: 6).

Another document that implies Russian energy policies are being used as a foreign policy tool is the Defence Strategy of the Republic of Poland dated 2009, emphasising the economic risks of temporary shortages in the energy supply market:

> Economic security risks, especially those relating to energy security, top the list of non-military threats. A growing demand for energy resources accounts for the fact that they are used to exert political pressure and increasingly replace military power as a state's policymaking instrument (Ministry of National Defence of Poland, 2009: 4).

Allocation of energy security threat perceptions into the domain of the country's national security was clearly presented in Polish National Security Strategies. As seen from the quotations and in diplomatic language, the terminology of energy 'threat' is missing from all official documents. Polish officials and politicians tend to substitute the use of the realist term 'threat' with 'risk', 'challenge' or 'concern', trying to redirect the

meaning from geopolitics to the economic dimension. Nevertheless, the roots of Polish threats perceptions go beyond simply economic dependence, being still influenced by stereotypes and the 'ghosts' from the past.

As Gorska explained, Poland's negative perceptions of Russian business interests being present in the country due to post-Soviet collective memories, where trade was a part of 'Soviet-imposed order' (Gorska, 2009: 5). Putting it in the broader geopolitical context, economic reliance on Russia (including energy) is still perceived as violating Poland's sovereignty as an independent country (Prizel, 1998: 103-108) and as a member of the EU. De Jong and Van der Linder noticed the merger of energy issues into a wider security discussion, stating that Poland still prioritises security rhetoric over energy rhetoric and uses 'the energy discussion to further their security concerns' (De Jong and Van der Linder, 2008: 9). Energy security fears might serve a convenient excuse for general anti-Russian discourse, which is derived from history and geographical location between Germany and Russia (Roth, 2011). As described at the beginning of this chapter, anti-Russia discourses in contemporary Poland are still largely based around the inherent complexities of the collective memories in Poland about the World War Two and post-war years. The majority of Polish energy experts (Interview 15; Interview 17) attribute general Polish threat perceptions to Russia's state identity that uses Gazprom as an instrument to gain control in the region. Poland felt unsure about Russia's intentions, interests and reactions since the Presidency of Vladimir Putin in 2000s. 'It is not about the amount of gas, market structure and price increase, it is about the general feeling of uncertainty' (Interview 17), which Poland treats in a very presupposed political way.

The construction of the perceived threatening environment by Polish political elites impacts a sense of country's 'self' in Europe and a wider world. Hence it is not limited only to the perspective of the elites and governmental officials. Polish national energy threat perceptions of Russia are shaped on different levels, including also public opinions; companies' views based on dealing with Gazprom. Overall, the country's position on energy security is rather coherent, representing a blend of all the layers of perceptions, as they are cross-influential and mutually constituent.

Poland's public perceptions of Russia can hardly be called 'friendly' as Russia has been a political and ideological 'enemy'. According to the research of the Institute of Public Affairs[66], based on the expert opinions: 'The Poles believe that Russia can be a

[66] The IPA research project entitled "Poland, Germany, Russia– perceptions, expectations, the potential for cooperation in the context of European politics" was undertaken together with the Konrad Adenauer Foundation and the German-Polish Research Foundation and the Foundation for German-Polish Cooperation and the European Union.

threat, using economic instruments and the energy dependence of other states' (Kasa and Lada, 2010: 4). The European Parliament Eurobarometer questioners of European citizens presented their research on Energy in 2011. Polish respondents are 'highly concerned' about energy security and guaranties of energy supply, composing 28% compared to the average 20% in the EU (Directorate General for Communication, 2011: 6). It is unlikely that public opinion is shaped by knowledge that gas import dependence in Poland has been one of the lowest in the EU as a share of energy consumption compared to other countries (European Commission, 2013a: 21). Most commonly, public perceptions are affected by the mass media that shape public moods in its coverage of Polish-Russian energy interplays as well as Russian-Ukrainian conflicts of 2006 and 2009. It has become relatively easy to impact public perceptions through the amalgamation of energy dependence and security with national security in the country. The existing vulnerability of shaping the perceptions is visible not only in public perceptions. The general 'temper of the debate among Polish political elites is very easily manipulated from outside' (Interview 17).

The securitisation discourse of Polish political elites and governmental officials mostly coincide in their Russia-apprehensive attitudes just varying in the spectrum of their intensity, ranging from extreme to moderate. In response to energy supply disruptions in 2006 and 2009 and non-solidarity approach to Poland in the case of the Nord Stream, the extreme of Polish anti-Russian threat perceptions was revealed in the suggestion to establish an 'Energy NATO' by Polish ex-Prime Minister Kazimierz Marcinkiewicz 'It is our conviction that NATO also means energy security. In today's world it is difficult to think of security without taking energy security into account,' ex-Prime Minister Kazimierz Marcinkiewicz said after meeting NATO Secretary General Jaap de Hoop (Marcinkiewicz, 2006). An 'Energy NATO' would tackle energy security threats and promote solidarity in cases of energy interruptions from such countries as Russia and help to create common gas reserves (Roth, 2011). However, did Poland really feel so insecure and threatened by Russia in the past to involve the military alliance in the energy sector? Taking into account that the whole idea of unification of the EU MSs was based on anti-military and peaceful energy use[67], this suggestion to unite energy and military dimension create false political signals. In the EU the concept became out-of-date very quickly (Roth, 2011: 613; Interview 9) and in Poland it was disregarded as being an 'illusive concept' (Interview 16). According to Szczerbiak (2012: 105), despite some sympathy and understanding towards Poland's proposal of 'Energy NATO' pact, it was rejected partly due to its timing as 'energy security only

[67] Here I mean the unification of Europe through the framework of 'EURATOM' and 'Coal and Steal Community'.

emerged very slowly on the EU agenda' in early 2000s. Moreover, the Union came to the initial market-based idea that with no interconnected infrastructure to re-organise energy flows within the EU during supply crisis, an 'Energy NATO' will be inefficient. Eventually, Polish attempts to unite all the EU MSs together to deal with energy security took a more moderate and relevant shape of promoting the solidarity principle. The European Council conclusions of 2006 satisfied Polish energy security concerns with mentioning 'common operational approaches to address crisis situations in a spirit of solidarity' (Council of the European Union, 2006a: 14).

Returning to the importance of physical supply security, there might be a range of political and economic energy related insecurities that have a potential to be directly or indirectly associated with Russian policies, but it is unlikely that the deliberate action for physical gas interruption should be one of them. Russia has never used the action of gas cut off to Poland directly for political or any other reasons in the history of Polish-Russian and Soviet Union–Polish energy interactions (unlike the cases of the pipeline technical maintenance). Often the gas crises with Ukraine are portrayed as a precedent for the general Russian approach to CEE countries, explaining them in a politicised way. For example, some OSW energy experts viewed planned temporary technical supply interruptions on the Yamal-Europe pipeline in 2012 as a demonstration that Russia might redirect its gas flows to the Nord Stream, leaving Poland without gas (Interview 15). On some occasions (like blocking the PCA re-negotiations in 2006 as a response to meat embargo or introducing a range of environmental and geopolitical obstacles to the Nord Stream) Poland tried to counter-balance Russia, using the same principles and methods. As the Polish Foreign Minister at that time commented: 'Russia uses energy as a political tool, it uses trade restrictions as a political tool, so there should be no surprise we are using the tools we have at our disposal' (DW staff, 2006). For Poland 'a Russian energy threat' is still associated with a source of political and economic uncertainty and is often a 'radical and unpredictable' policy in the energy sector. Speaking in economic terms, 'Energy business should have certainty, but not the dependence on political circumstance' (Interview 16).

Importantly, some of the Polish officials from the Ministry of Economy and Foreign Affairs and political elites associate Polish energy insecurity since 2009 not necessarily with the gas industry and Russian position on the Polish gas market, but also with the electricity and oil sectors[68]. In the *electricity sector*, if Poland chooses to develop

[68] The famous case with the Mazeika Nafta refinery was named as an example in the majority of my interviewees in the Government and the OSW organisation. They accuse Russia of oil supply cut off on the Mazeika Nafta in 2006, when the Lithuanian party preferred to sell it to Polish PKN Orlen rather than Russia. In such a way, Russia pushed Poland to sell its stake in the refinery. Most Polish officials have no doubt that it was not a coincident, when several

electricity, Poland might suffer black outs, having insufficient electricity sources and technical potential to transmit it (Interview 15). So Gazprom will have to be the main provider of electricity from the Baltic and Belarusian nuclear stations (which are built with Russian participation and control). In the *oil sector*, the threat is coming from supply disruption and price fixing. This is a result of the market being monopolised by supplies from one direction only' (Ministry of Economy of Poland, 2009: 6). Since Poland is almost 90% dependent on Russia in its oil supplies from the 'Druzhba' oil pipeline, some of the OSW experts are concerned that Russia might shut down the pipeline for any reason (for example, technical condition of it being old and needing renovation). This fear only intensified after the recent launch of the sea oil pipeline Baltic System-2 (BPS-2) in the Primorsk region in Russia. In case the fears come true, Polish oil refineries will have to import oil by sea, which might bankrupt refineries in Poland (as it will be more expensive). It is only one of the possible speculative scenarios in the oil sector that has little preconditions and is not even bound to happen. Those are economy based energy concerns, which are speculated and not backed up by the evidence, but rather represent a tangible possibility.

Overall, Polish energy security rhetoric converges with the European one, grounded on the physical availability of 'uninterrupted availability of energy supply and its affordable price'. Hence, Polish threat perceptions include not only exaggerated energy import dependence, but feelings that Russia uses energy as a political mean of pressure in its energy supply policy, price formation and contract re-negotiations. Poland's political construction of energy security threats makes Polish perceptions often look emotional, at times exaggerated and overestimated. In the interview with the author one Polish energy senior expert took it even further, claiming that:

> All the negative attitudes towards Russia and threat perceptions are of internal origin and are made in Poland for particular reasons, which Russia then successfully exploits to the benefit of its own energy policy (Interview 14).

Nevertheless, as interests and identities are shaped over time and space, some slight improvements in the attitudes towards Russian energy policies can be observed in late 2011 and 2012 compared to the early 2000s (Interview 17). Poland stood on the way of 'resetting' its diplomatic and political relations with Russia, diminishing its antagonism and hostile attitudes (The Centre for Polish-Russian Dialogue and Understanding, 2011). Changes in Polish attitudes are related to many levels of Russian-Polish

---

months after this deal there a fire 'happened' at Mazeika, costing PKN Orlen company much money.

relationships. In economic terms, Poland became more receptive and less politically sensitive to Russian energy projects that do not directly include Poland. The official sources from the Ministry of Economy reflected that 'with the previous government if Russia was figuring in the project – it was a definite veto' (Interview 10). However, lately Poland started to focus more on checking the economic feasibility of the projects rather than political underlay of those. In political terms, the positive mode of relationships can be explained due to changes within the Polish government. Moving from a government with conservative dominated parliamentary and presidential elections in September and October of 2005, which prioritised deeper integration in the EU, enhanced the Trans-Atlantic strategic cooperation with the USA and NATO (Longhurst and Zaborowski, 2007; Koszel, 2007: 236-238, 260), to a more moderate Donald Tusk government in 2007, re-enforced and established a more positive political, economic and diplomatic climate between Russia and Poland. His pro-European, but not anti-Russian position helped to establish better diplomatic relations with Russia and the rest of the EU. The amount of high official visits between the countries increased from zero in 2005 to three in 2008-2009 and the tone of Polish-Russian accord has improved especially in regards to the Nord Stream. As Bouzarovski and Konieczny put it, the ruling government was 'wasting a lot of unnecessary political energy on the issue and losing its international credibility by engaging with the Nord Stream question in a negative manner' (2010: 11).

Despite relative progress in Polish-Russian relations, it will take more than a few years of narrowing the hostility gap and overcoming historical and geopolitical differences that cause stereotypes and negative patterns of behaviour. Section 6.3. just opened the door to initial changes that happened in the formation of Poland's energy interests and developing its energy actorness. The process of contract renegotiations with Russia was more categorical and uncompromising in the early 2000s compared to the flexibility and improved understanding of each others' differences in 2010. Albeit, Poland stood its ground in clashes with Russia about lowering the gas prices, which is strongly supported by the EU policy and similar approaches of other EU MSs. Despite difficulties in identifying what exactly triggered the 'reset' in Polish-Russian energy interactions, a few energy and geopolitical reasons could have facilitated them. Those include changes in the Polish government, Polish-Russian reconciliation of different historical narratives about the Katyn mass murders of the Polish officers in the 1940s, the possibilities of having a backup reverse supplies of gas from Germany, the development of the LNG and changes in Poland's 'mentality' as a new equal member of the EU with a certain energy image. The latter, should be researched in more detail.

6.4. Polish Energy Identity in the EU: A Victim or Solidarity Agitator?

As the previous chapter confirmed, European energy relations with Russia represent an area of energy security concern. Constructivism specifies that the EU MSs' threat perceptions of Russia are affected by two key sets of causal factors: interests and identity and the previous patterns of energy interactions (Wendt and Friedman, 1995; Wendt, 1999; Hopf, 2002). While the nature of Polish energy interests and previous Polish-Russian energy interplays have been scrutinised in the previous sections of this chapter, this section presents a transformation of Poland's energy identity under the EU infrastructure.

The development of the country's energy interests and identity in the EU has been rather uneven, inconsistent and controversial. To understand the initial stage of Polish membership in the EU, the lenses of previously identified material conditions and the historical contexts should be applied. Building upon references within Chapters 1 and 6, this section acknowledges the pre-existing geopolitical conditions, but focuses on the energy perspective of the argument.

Poland was the biggest of all post-communist CEE countries in the region with substantial energy reserves and a prominent gas transit position from Russia to Western Europe. Gas import dependence on Russia, Poland's transit location and rather tense political and economic relationships with Russia prior to 2004 EU accession, shaped Poland's initial self-identification as a new member of the EU. Being regarded as a transit country for a long time, Poland joined the Union with the initial mentality of continuing to occupy similar position of transporting Russian gas to Western European markets (Interview 4). The transiting states were relatively secure, as the transit country could use transit fees and transit capacities as a tool for bargaining and negotiation (Larsson, 2007b). However, subsequent energy disruptions to Belarus and Ukraine with the direct impact on other CEE countries, price disagreements between Russia and EU MSs, and Poland's exclusion from the Nord Stream project only reinforced Poland's insecurity as a transiting state (Raszewski, 2015: 32). Putting faith in the EU, Polish official sources from the Ministry of Foreign Affairs characterised the Polish energy position in the following way:

> Prior to energy supply disruptions from Russia we believed if we are transit countries – we are secure, which very soon proved to be the opposite. Supply disruptions were the starting point for the elaboration of the new strategy. Market liberalisation, regional market integration, new energy projects of the EU, enabled Poland to create a new strategy

> based on the energy market of not a transit country, but an integrated member of the EU (Interview 16).

Therefore, Polish self-conceptualisation in the EU has been re-oriented from being a vulnerable energy transit country into a vigorous member of the EU. However, the transition to a new energy strategy was undermined by monopolisation of Poland's energy market by PGNiG state-owned company, and the lack of progress in liberalisation and politicised attitudes of Russia that still treated Polish territory as a 'transit route' to Western Europe (having an impact of the mutual constitution of external and internal identities, studied by Wendt, 1999; Hopf, 2002 and others).

As an integrated member of the EU, Poland has to choose what stance is best to take to effectively pursue Polish energy security interests. In this respect, Poland's energy related identity is not monolithic and has two dimensions. Normally, the choice varies between: previously exploited geopolitical image of a 'victim' (Gorska, 2009; Zarycki, 2013) or evolving identity as a regional activist among other the CEE countries and an 'agitator' for energy solidarity (Copsey and Haughton, 2009; Buzek, 2011; Maltby, 2014).

Due to pre-existent legacies and the amount of energy vulnerabilities Poland is often viewed as an 'eternal victim' by the West (Zarycki, 2013: 133, 143), an identity that the country is both ashamed of and exploits at the same time. Trying to enhance its energy security in the EU, the country often 'played a Russian card' by portraying an image of historical victimisation, and transmitting it into other than foreign policy dimensions, like energy. The previous sections have already widely demonstrated the grounds for anti-Russian energy perceptions and *clichés* of the Russian energy behaviour. Poland used its energy dependence and the above-described Nord Stream as a source of Polish energy vulnerability.

Poland expressed its concerns on different levels about pro-Russian support within other EU MSs in European Institutions. Some evidence suggests that a Russian 'phantom', 'lobbying' and 'conspiracy' are present in the European Parliament, which creates trepidation among Polish members of the European Parliament (MEPs). According to Mistrzak (2010), Polish MEPs such as Jacek Sarysz-Wolski (former Chairman of Committee of Foreign Affairs), Pawel Kowal and Lena Colarska-Bibinska admit direct and indirect Russian unwanted presence in EU Institutions. Gazprom's undisclosed political lobby for the Russian government and friendly ties with MEPs from Germany, Italy, and Bulgaria with Russia is viewed as a threat by Polish MEPs (Mistrzak, 2010). Treating Brussels as 'a specific place for expressing a country's interests, where sometimes one should exaggerate in order to get a desired response'

(Interview 16), Poland took on board its victim-like identity. Naturally, being a new member of the EU Polish bargaining capacity in Brussels is still limited, lacking the 'intensity of its policy preference, its skill at coalition-building, its administrative capacity, its persuasive advocacy, the receptiveness of other Member States and its domestic political strength' (Copsey and Pomorska, 2010: 309; Roth, 2011: 602-604). This affects Poland's confidence and self-conceptualisation in the EU, ultimately leading to the feeling of insecurity.

Correspondingly, Poland treated the EU as a source of country's progress and economic benefits, as the EU:

> provided the means and opportunities for a rapid general development of the country. Thanks to EU funds and policies, alongside to the new opportunities in communications, infrastructure, trade, education, and other areas, the modernization of the country took place (Bienczyk-Missala, 2016: 102).

The mid-2000s have been very challenging for all the EU MSs due to the international economic downturn leading to the insecurities on the world energy market and uncertainty with attracting business investments into developing energy markets (such as in energy pipeline infrastructure and UGS, and explorations of new energy fields). The inability to financially support a variety of energy security projects led Poland to intensively rely on the EU budget (Misik, 2015: 211). The EU Commission is bounded by its limited investment capacities and financial resources, which have been already allocated to a range of competing gas infrastructure projects of common European interest. In order to get the EU Commission's financial support, Poland was resourceful in lobbying its own grounds for financing.

Thus exploiting its energy vulnerability based on the country's weak interconnected position within the emerging energy market and threats of disruptions from the external suppliers brought Poland visible financial benefits from the EU. Several major projects are to be funded by the Cohesion policy funds and the European Energy Programme for Recovery such as the LNG terminal in Swinoujscie that will help to diversify Poland's energy supplies bringing gas from Qatar, three interconnections with Germany (between German VNG and Polish GAZ-SYSTEM) and the Czech Republic (between Czech NET4GAS and Polish GAZ-SYSTEM) and an upgrade of the transmission system in north-western Poland (European Commission, 2011e). Since 2004 Poland has been financed by the EU Trans-European Energy Network (TEN-E), receiving funding almost every year, with the only exceptions in 2006 and 2007 (European Commission, 2013e). In 2012, two interconnectors received the EU TEN-E

funding: 210 000 euro between Poland and Slovakia (operated by Polish GAZ-SYSTEM and Slovak Eustream) and 2.3 million euro for Polish-Czech interconnector that is operated by Polish GAZ-SYSTEM and Czech NET4GAS (Enerdata, 2012). In 2012, out of an existing four priority gas projects Poland will be granted EU financial support in two – the North-South Gas Corridor and the Baltic energy market Interconnection Plan. Simultaneously, Poland has also received a political platform to lobby for shale gas in the EU, which according to preliminary estimations Poland has in abundance.

However, Poland's vulnerable energy image included references not only to the Russian threat, but also the EU energy policies and its MSs. The image of a victim was initially directed against bigger and more influential EU states, mainly Germany, whose energy policy choices negatively affect Polish energy security and prevented Poland equally benefit from free gas circulation in the EU due to the layout of the Nord Stream. As described earlier, Poland incorporated historical events and the collective memories from the past about Russian and German threat into its energy security rhetoric, referring to the Nord Stream as the 'new Molotov-Ribbentrop pact', dividing Europe (BBC news, 2006). German anti-solidarity energy policies were not only related to the Nord Stream pipeline project that increased gas import dependence on Russia for the whole EU, but the anti-nuclear stance that was a unanimous German rather than a consensual European decision (as it can put strains on the mutually shared electricity networks). Another energy concern for Poland was the lack of German political support for other non-Russian energy diversification projects, limiting Polish choices for energy security. For instance, deriving from opinions of the Ministry of Foreign Affairs, Germany rejected Poland's initial application for a financial support for the LNG terminal in Swinoujscie from the EU budget. The main explanation for German opposition was that a market-oriented and economic viability approach should prevail and the companies should ensure the financial means for constructing the terminal (Interview 16).

Understanding that more effective leverage on Germany was needed than the self-victimisation of its energy dependent position, Poland offered its political support for the EU Commission's funding if Germany plans to integrate renewable energy in its electricity grid and building interconnectors (Interview 10). The reciprocity of interests in getting funding for the LNG infrastructure (in the Polish case) and receiving funds for the needed electricity infrastructure (in the German case) led to a constructive discussion and positive outcome for Poland. After a year Poland received 9.2 billion euro from the EU Commission for the LNG terminal. In search of protection and support from Brussels against Russian aggressive energy policies, Poland skilfully

used energy insecurities originating from outside of the EU to instigate economic advantages from 'inside' Europe. Henceforth, this demonstrates the emergence of Polish energy identity as 'a policy entrepreneur' (Roth, 2011: 603).

In fact, quite a few scholars and the majority of interviewed political elites subscribed to Polish self-sufficient and pro-active identity in the EU as being a 'policy entrepreneur' (Roth 2011; Maltby 2014) and an 'assertive regional power' in furthering the EU integration and common energy policy and security issues through the EU Neighbourhood Policy and from 2008 Eastern Partnership with its eastern neighbours (Copsey and Haughton, 2009; Bienczyk-Missala, 2016: 105). The political image promoted by the ex-President Lech Kaczynski, the 2005-2011 coalition government and other political elites that 'Poland should be a major player, if not the major player, in the EU's foreign policy towards Russia' was finally taken into consideration by Polish political elites (Copsey and Haughton, 2009: 278).

According to Bienczyk-Missala (2016: 104), Poland views the EU as the Union of 'sovereign member states rather than a federation of states', advocating for 'the right to determine the powers transferred to the community' and the ability to upload its national and energy security priorities. However, the country is very selective about which policies and competences can be delegated to the EU level, and which should remain within Poland's national sovereignty. For instance, Poland opposed many of the constitutional provisions of the Lisbon Treaty, which excessively empowered the European institutions, 'including the proposal to appoint a president of the European Council and to uphold the principle of 'one state – one commissioner' for the European Commission' (Bienczyk-Missala, 2016: 104). Being one of the last countries to ratify the Lisbon Treaty, Poland's position in the EU was often viewed as 'anti-cooperative' by other EU MSs (ibid: 104).

On the other hand, Poland was supportive in the initiatives related to energy security. It emphasised the communal benefits of the solidarity that became reflected in the EU Council conclusions 2006 and pledged a neighbour-oriented approach within the EU MSs during the period of the Lisbon Treaty development. 'It pursued the strengthening of cooperation on European Security and Defence Policy and an expansion of the solidarity clause to also cover energy security' (Bienczyk-Missala, 2016: 104). As well as Poland's successful EU Council Presidency in 2011, contributing to the preparation of the Energy Roadmap 2050, it advocated for the EU Commission's leading position in the energy sector and common external energy approach to other countries. However, while some might view it as strength and pro-EU driven, it seems Poland's pro-activity

in promoting solidarity was triggered by energy supply insecurity and individual energy interests rather than communal interests.

During 2004-2012, more EU and neighbour-oriented changes of Poland's energy actorness can be observed after the energy crises of 2009 and the misunderstandings about the Nord Stream settled down, when 'Polish-German dialogue played a significant role in drafting EU-wide reform plans' (Bienczyk-Missala, 2016: 110). Poland decided to reset the negative mode in the relationships with Russia and Germany and actively searched for partnership possibilities. During the Polish Presidency of the European Council in 2011, Poland went about 'resetting' its diplomatic and political relations with Russia and improving the perceptions of Germany and Russia as team-players rather than de-stabilisers of European solidarity. As a further step, since May 2011 the countries are involved in the Russia-Germany-Poland Trialogue meetings on the prime-ministerial level, which should facilitate putting their relations on a new improved level (Meister, 2014: 7).

Poland currently tries to get rid of the 'anti-Russian cliché' by joining Germany in its efforts to shape Eastern foreign policy. Adopting a mutually shared approach with Germany towards Russia, Poland is likely to gain more and make its image more credible and pragmatic rather than emotional and ideologically-based. The German-Polish tandem eventuated in a mutually written letter to the High Representative of the Union for Foreign Affairs and Security Policy Catherine Ashton just before the December EU-Russia Summit 2011 about closer development of the relations with Russia and its Eastern neighbours, bringing Russia and others into democratic 'European family' (The Centre for Polish-Russian Dialogue and Understanding, 2011). Claiming that 'the European approach towards Russia should be based on two principles: constructive engagement and accountability' (Ministry of Foreign Affairs in Poland, 2011), the initiative indicates the finding of common ground in such EU foreign policy areas as furthering of the EU integration, encouraging Russia's economic, political and energy modernisation. In Buzan's and Waever's terms it would mean energy security interdependence is affected by trepidations, but confidence building and reassurance arrangements are in place (Buzan and Waever, 2003: 142). However, German political elites are still sceptical about Polish energy image in the EU (Interview 13; Interview 19).

Therefore, Polish dual energy identity of a victim or an agitator can overlap or goes in parallel with each other, depending on geopolitical situation in the world, Poland's and economic circumstances and national interests at stake. Poland skilfully and selectively 'manipulates' with its geopolitical victimisation and exploits energy threat perceptions of

supply disruptions, if the country needs to reinforce its energy security position. Consequently, Poland looked for support of the EU Commission during the contract renegotiations with Russia in 2010, or facilitated an energy solidarity principle under the EU Commission competence, or 'lobbied' financial support for its national diversification projects. Whereas in other areas of policy-making the country prefers to execute its interests independently rather than through the 'Community method', resisting delegating its energy sovereignty to the EU (for instance, deciding to block climate initiatives or applying the unbundling principle the way that suits its national and economic interests).

The section leads to the conclusion that reinforcement of the identity of a victim made Polish energy security stance stronger in respect to economic gains and political support from the EU; and weaker at the same time, jeopardising its credibility and reliability as a team-player within the Union. Concerning the latter, Poland created unnecessarily emotional and exaggerated fears of Russia, due to which it lost respect from other EU MSs, such as Germany, whose support within the EU could be very beneficial for Poland. Eventually, Poland came to realise that it can be better off with trying to promote leadership in certain sectors of the EU policy and pro-active energy stance, which has potentially positive spill-over effect on its energy supply security and its political weight in the EU for promoting its interests.

6.5. Conclusion

The analysis of the Polish case study chapter determined the key conditions and origins for Poland's energy insecurity, answering the second research sub-question. While there exists a huge variety of material and ideational factors triggering Poland's energy threat perceptions, they are all concentrated around three key areas, from which Poland's threat perceptions originate. These broad energy insecurity origins included: 1) the Russian foreign energy policy, 2) Poland's domestic energy policies, and 3) EU's energy market liberalisation approach.

Firstly, Poland's geopolitical legacies and previous energy interactions with Russia, its growing reliance on external energy supplies, Poland's historic geographic location as a 'transiting' state of energy supplied in the Western direction – all depend on credibility of Russia as a reliable political actor and a stable energy supplier. With growing single source dependence on the Russian gas supplies and Russia's unpredictably aggressive energy behaviour with the use of energy as a geopolitical and economic tool of influence (as cases with Belarus and Ukraine illustrated), Poland prioritised

energy security of supply from Russia as a core element of its national security strategy in the late 2000s.

This chapter demonstrated that the Russian energy policy towards other countries and the pretext of geopolitical conditions in Poland allowed for emotional, politicised and often historically prejudiced perceptions of Russia, presenting energy supply as a security issue. In this light, grounds for Poland's energy security concerns can be grouped into:

- *imaginary or hypothetical threats*, that create perceptions coming from the optional/possible action rather than actual ones, creating the search for political underpinnings, where it is unnecessary. For instance, Russian energy supply disruptions towards Belarus and Ukraine allow Poland to believe that Russia might deliberately apply similar mechanisms of pressure towards Poland, although there are no historical precedents of geopolitically grounded Russian gas interruption to Poland, neither in Soviet times, nor at present. A similar logic is applied to the construction of the Nord Stream pipeline that was presented as being directed against Poland by Russia and Germany in providing a possibility for Russia to redirect its energy flows, bypassing Poland. While this had not happen before with Poland, it does not eliminate the intangible possibility of occurring in the future. The elements of probability and potentiality undermine political trust in inter-state energy relations and justify the creation of ideational threat perceptions.

- *quasi-material threats,* when Poland was physically affected by the international events that did not have intentional character. Thus the 2009 gas supply disruptions to Ukraine, or oil price hikes that triggered the increase of the gas price during the price re-negotiations with Russia had negative tangible consequences for the Polish economy. The circumstantial coincidence of being unintentionally affected by gas disruptions to Ukraine triggered the negative effects and influenced Polish threat perceptions, as even unintentional threats can bring actual harm.

Poland's economic conceptualisation of the European definition of energy security of supply as *'uninterrupted availability of energy sources at an affordable price*' (European Commission, 2006: 6; IEA, 2013b) and its vulnerability to supply disruptions and high energy prices imposed by Russia revealed the country's vulnerability to the external challenges. Negative reaction to the Nord Stream project, price increase allegations

and other disagreements about a variety of gas contract provisions between Poland and Russia explicated and confirmed the above.

Secondly, while scrutinising the structure of Polish internal energy market, Polish endowment of energy sources and the negative impacts of the state-owned and state-operated energy monopolist PGNiG, a more complex and controversial understanding of Poland's energy insecurity was discovered than simply perceptions of the external threat. The situation where a state company, PGNiG, ineffectively determines the choice of energy mix, selects contracting partners on uncompetitive grounds and tightly controls the processes of energy exploration (of conventional and non-conventional gas), energy extraction, production and transportation, and plays a superior role in country's energy policy choices, is detrimental to the liberalisation of Polish energy market. Polish government acceptance and conformist position towards such behaviour, undermines Polish energy security. The problem of vulnerability of the internal energy market in the Polish case is aggravated by an inconsistent governmental approach to already constrained possibilities of energy diversification policies into alternative energy types and sources, and over-bureaucratisation and ineffectiveness of energy decision-making and vaguely defined energy responsibilities between the Ministries.

As the situation stood by the end of 2012, the energy market in Poland was still burdened by PGNiG's monopolistic position on the wholesale market and a high level of bureaucratisation and ministerial ineffectiveness, undermining the development of the liberalised energy market. Poland's gas market lacked energy diversification options to the Russian gas supplies (except developing an LNG terminal) and was corroded by active state's involvement into inter-company energy interactions.

Thirdly, being a part of the EU imposed new regulatory changes and obligations to comply with the EU-wide market liberalisation campaign, which cannot by definition be beneficial to every EU MS equally, and created additional supranational pressure on Poland's energy policies. It suits Polish interest in the promotion of external and internal energy solidarity in dealing with non-EU countries, but is not always favourable for making specific energy mix choices (among others, the EU's enforcement of renewable energy in the Polish energy mix according to '20-20-20' EU climate change targets, which the country is not economically ready to pursue).

The pressure from EU energy packages to liberalise Poland's energy market with the radical choice of 'ownership unbundling' brought only minor changes without significantly affecting energy competition and potential market openness. Despite

having shared Polish and EU energy security objectives in general terms and being united about the creation of a common European gas market, Poland has its own views on how to pursue these goals. The examples of Polish resistance to the separation of production from distribution and full implementation of the TSO unbundling type according to the premises of Third EU Energy Package illustrate the divergence of Polish energy interests from EU perspectives. Essentially, without incentives for Polish political elites to restructure its domestic energy market, fully adopt new EU energy market regulatory provisions, modify taxation legislation package and enhance internal energy security through boosting domestic energy exploration and production, Poland is bound to be a hostage of its domestic energy actors and will continue to be vulnerable to Russian energy policies, putting more emphasis on the Russian threat than it warrants. A large part of Polish threat perceptions have not only material and objective roots, but are also subjective and politically constructed.

Combining the above aspects together, the chapter argued that Polish threat perceptions largely originate from the external Russian energy threat and its energy relations with Poland. However, Polish energy insecurity is aggravated by constraints of the EU supranational structure and a Polish state-monopolised domestic energy market. Yet, since interests and identities are not permanent and are shaped through inter-state energy interactions (Wendt, 1999), Polish energy threat perceptions are not monolithic and static in nature. They have been shifting from strictly negative anti-Russian views in the early 2000s (being aggravated by disruptions and politicisation) to more tolerant and engaging by 2012 (largely due to the relative stability provided by EU membership and changes in the leading governmental elites).

The change in interests was accompanied with the formation of Poland's energy actorness in the EU that has a transformative effect on threat perceptions. This helps to address the last research sub-question about the role of Poland's identity as an energy actor in the construction of threat perception. Undeniably, Russia has always been an uneasy partner not only for Poland, but for the whole EU. Energy supply disruptions during 2000s and the politicisation of the EU-Russia energy relations aggravated Polish threat perceptions towards Russia. Initially, Poland's energy stance was geopolitically driven under the identity of a victim, caused by historical German-Russian legacies and current Russian and German policies. So Poland played an 'anti-Russian card' to facilitate its energy security through financial and political benefits from the EU (Misik, 2015) and striving for more understanding from other MSs, mainly Germany. However, the acceptance of such victim conceptualisation by the EU affects Poland's national pride, as the country does not want to be associated in the same basket with other post-Soviet countries, like Russia (Zarycki, 2013: 144). Thus, Poland realised that to be

able to reach its long-run objective to become a fully-fledged member of the Western community, it needs to abandon the anti-Russian victim image and stop expressing its energy threat perceptions in geopolitical terms. There is only a short time in which benefits can be reached for a country exploiting an victim image.

The process of realisation was accompanied with the diplomatic decision of reconciliation with Russia and Germany, gradual changes in Poland's political governmental structures, and gaining relative economic stability that EU membership provided. The above triggered more positive alterations in Polish perceptions of gas supply security and the formation of Polish energy actorness. Poland is aspired to become a pro-active regional player and its political elites became very vocal and visible in the political EU arena, promoting the virtues of solidarity and communal European interests. Though it is just the beginning, hopefully the initiated process of developing Poland's team-player role in the EU will help to de-politicise the relations with Russia and bring energy security policy of the EU to a truly commonly shared position.

Chapter 7. Case Study: German Energy Security between 2004 and 2012

The following chapter on German energy security is organised in a similar analytical manner to the preceding case study chapter on Poland. As with the Polish case, it will start by explaining the pre-existent material conditions and the importance of Germany's geopolitical disposition that have path-dependent impacts on today's energy security domain and relations with Russia.

After World War Two, the German geographical Cold War split between West and East determined the country's geopolitical dynamics, economic development and self-identification. With economic, political and military constraints on German power, Western Germany became a part of the of the European Community unification around coal and steel industries and moved along the path of peaceful development and supranational integration (Bulmer and Paterson, 2013: 1387). Leaving Eastern Germany behind, Western Germany had a quick economic recovery and became a leading exporter during the 1950s - 1980s, growing its economic and political weight. The negative consequences of the 1970s oil price shock, which West Germany shared with other European countries, resulted in global downturn and slowed economic growth, hampered the country's investments, and raised unemployment. Energy security's geopolitical application appeared on the European agenda during 1970s oil crisis, including Western Germany (Cherp and Jewell, 2011).

An after-crisis effect triggered further European integration during the 1980s, facilitating the creation of economic and monetary union and the internal market, which Western Germany became a part of. Overcoming political and economic complexities after the end of the Cold War and mutual adjustments of Western capitalist market with Eastern socialist economy during the re-unification of Germany, and deep recession in the early 1990s, the country eventually experienced a financial boom of prosperity and privatisation. The boom was facilitated with economic benefits gained from becoming a part of the single economic market in the EU in 1992 and the Eurozone, when Germany gained easy access to export its heavy industrial production and automotive products and services to the rest of the EU. At the same time, due to the trend of shifting its heavy industrial production to other Eastern and Asian countries and the closure of heavy industries in Eastern Germany in the early 1990s, the country managed to increase its energy efficiency, reduce energy intensity and at the same time became one of the most heavily energy import-dependent countries in Europe (Dhaka, 2009: 293). A growing assertiveness of German national interests and economic might (though constrained by structural economic power and impeded by the

collective memory) gave rise to the term ‘hegemony’ with respect to German power from the 1990s (Bulmer and Paterson, 2013: 1388-1391).

In the aftermath of the 1970s oil crisis, ‘the issue of energy security evinced little attention from German policy-makers or the German public’ (Duffield, 2009: 4284). Despite its economic wealth, Germany’s energy situation is still characterised by ‘a mismatch between its great capabilities and its paucity of palpable resources. However, its encirclement by several European nations ‘gives it the benefit of being a centripetal force in terms of the European order’ (Dhaka, 2009: 283). Geographically, Germany has been always conveniently located near the periphery of energy endowed countries, so energy import was not a security priority as such. Germany was supplied with gas from the USSR since the 1970s, as well as Norway and the UK, in addition to relying on its own coal-burning and nuclear plants and actively developing renewables.

However, the re-appearance of the energy supply security issue during the 2000s as a part of the European import dependent energy security discourse, could not leave Germany isolated from the heated European political debates and the policy of securitisation. Therefore, this section aims to explore the conditions and origins of Germany’s energy insecurity and to discover the role of Russia in Germany’s energy threat perceptions. The scrutiny of Germany’s energy interests and the formation of energy identity will be based on country’s relations with Russia (and Poland) during 2004-2012, as well as indicating broader implications for understanding energy threats in the EU-Russia energy relations (answering the second and the third research sub-questions).

To begin with, Section 7.1. scrutinises material conditions of the German energy market, making references to the country’s high level energy import dependence already established in Chapter 5. The significance of energy companies as market energy decision-makers and guarantors of the security of energy supplies on the ground determine the industry-led and business oriented nature of German energy policy, making energy security a definitive part of economic domain. Regardless of rather restricted governmental involvement in the energy business trade, supply contracts and price making, Germany’s energy security strategy and the choice of energy mix are still set at the state level and determined by governmental policies. The section reveals peculiarities of German energy diversification priorities, which are mostly driven by the diversification of energy types, rather than routes or supply countries.

Similar to other EU MSs, there is a general tendency in Germany towards choosing to construct its energy policy based on the country's national interests and an economic basis. Therefore, Section 7.2. lays out the controversies about Germany's full compliance with the EU's energy market liberalisation policy, indicating the lack of political will and the challenges of the energy industries giving up control over the market and the unbundling principle (Lohmann, 2006; Interview 19). The section continues to analyse Germany's justification for the Nord Stream as a project to increase energy security in Germany and Europe, which caused many misunderstandings with Poland and the rest of the EU. The Nord Stream shows that Germany prioritises energy security through the diversification of energy types, which differs from the EU's intentions for non-Russia diversification of country sources and routes. Simultaneously, it causes problems for a united approach to European energy solidarity, which Germany struggles to either understand or accept.

Taking into account Germany's energy strategy towards energy efficiency and stable relations with Russia, Section 7.3. draws upon the analysis of German-Russian relationships that has been a pivotal part of Germany's 'uninterrupted availability of energy sources' (European Commission, 2006: 6; IEA, 2013b). This section observes the multi-level nature of German-Russian energy interactions that since 2004 gradually shifted from the status of 'special relationships' into the domain of 'strategic partnership'. By treating foreign policy and geopolitics separately from energy security with Russia, Germany managed to preserve pragmatism and a non-politicised economy-based approach towards its gas supplier. Deriving from the previous analysis of German domestic gas policies, national energy diversification priorities, and attitudes towards the Nord Steam and the EU market liberalisation incentives, this section completes the understanding of German energy security, concluding on the role of Russia as a guarantor of German security of supply rather than an energy threat.

As a part of threat perception analysis, the last Section 7.4. looks at German energy identity formation, which is constituted by self-conceptualisation and external perceptions of Germany's energy actorness. The section highlights the conflict between German self-identification as an equal partner with other EU MSs, and external perceptions of a strong economic and political energy actor, which does not always 'comply' with the EU energy solidarity policy (as the Nord Stream case or the nuclear phase-out examples reveal).

7.1. Germany's Energy Policy

Following the logic of constructivism, in regard to the importance of domestic factors in understanding a country's energy security policy choices, this section scrutinises the structure of the German internal gas market and its operation under the influence of energy actors and changes in the domestic energy diversification portfolio.

7.1.1. Structure of German Energy Market

The structure of the German energy sector has been evolving and reshaping through the last decade. Coal, oil, gas reserves, nuclear and renewable energy comprise the main energy sources for Germany. Due to the size of its economy, Germany remains the largest energy consumers in the world. In 2005 Germany's primary energy consumption was composed of a 35.5% oil share, 22.3% natural gas, 12.4% coal, 12.2% nuclear energy, 11.0% lignite and the rest – biomass, wind and solar power. As opposed to 2012, when the same indicators were 33.0% for oil, 21.5% for natural gas, 12.9% for coal, 7.3% for nuclear energy, 12.2% for lignite respectively (AGEB, 2015).

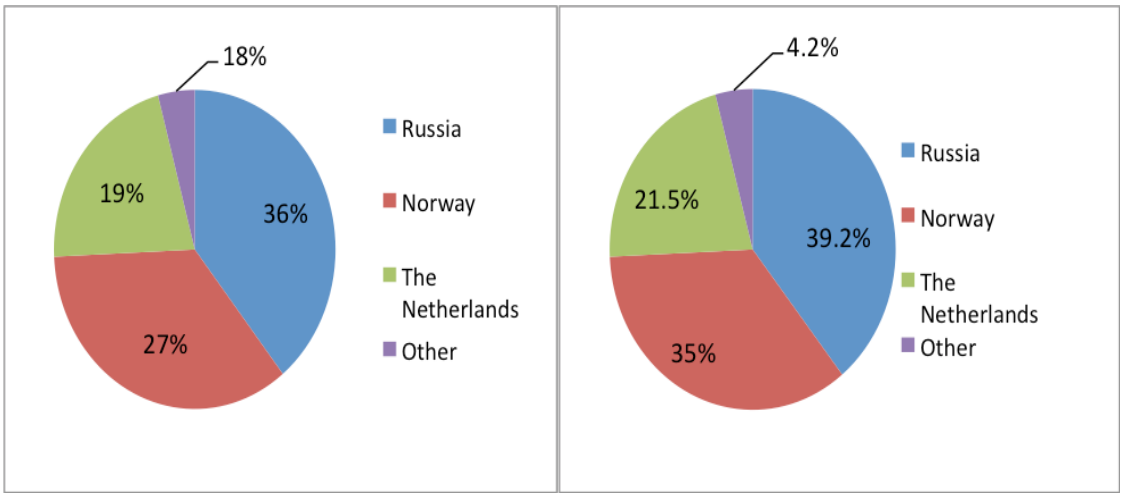
Out of all the conventional energy sources, German reliance on gas is historically strong, making it the second largest consumer of gas in the EU after Great Britain. In 2012 natural gas consumption comprised more than 21.7 % of the energy mix, more than half of which goes to the household and industrial sectors (AGEB, 2015). Over the last 30 years German state energy policy has become more energy efficiency driven and renewable energy oriented (Hobohm, 2009). This can be explained by high level of energy import dependence that 'forced Germany to become a research and development hub of renewable energy resources', becoming the largest producer of wind-generated electricity (Dhaka, 2009: 292).

Unlike Poland, Germany tries to decrease the use of coal and nuclear power, which the country has in abundance. Strong environmental pressure from domestic anti-nuclear and anti-coal green lobbies to reduce CO2 emissions, and general EU climate change targets, seemed to compromise the importance of 'dirty' types of fuel in electricity generation for German heavy and energy-intensive industries. This pressure led to the government's decision to close down loss-making coal mines by 2014 and terminating state subsidies for coal by 2018 (Hobohm, 2009: 96; Federal Ministry of Economics and Technology of Germany, 2012: 49), with the next long-term plan to shut down coal-fired power plants by 2040. Together with the commitment to phase out the use of nuclear energy by 2022, this will directly affect the country's energy supply. The share of energy, which declining coal and nuclear represent will have to be substituted by the development of renewable sources and additional gas supplies (mainly from Russia,

which became possible after the completion of the Nord Stream). This means Germany has to develop strong energy links with its key regional gas supplier.

Having very limited domestic gas production, which from 2005 until 2012 has been continuously decreasing from 14.3% to 9.0% (AGEB, 2015), the country has to import its main energy resources, remaining a net-importer of gas. Having no LNG terminals, almost all of German gas imports come through pipelines from Russia such as the Yamal-Europe, Druzhba and the newly built Nord Stream; from Norway through Europipe and Norpipe systems and four small entries from the Netherlands. In 2011 Germany imported 89.6% of its gas through pipelines, the biggest part of which came from Russia at 36.7% (IEA, 2013a: 70), which is consistently increasing since early 2000s, making Germany the biggest importer of Russian gas in the EU.

Figure 5: Origin of German Gas Imports in 2007 and 2010, (in %)



Source: (Federal Ministry for Economic Affairs and Energy of Germany, 2014)

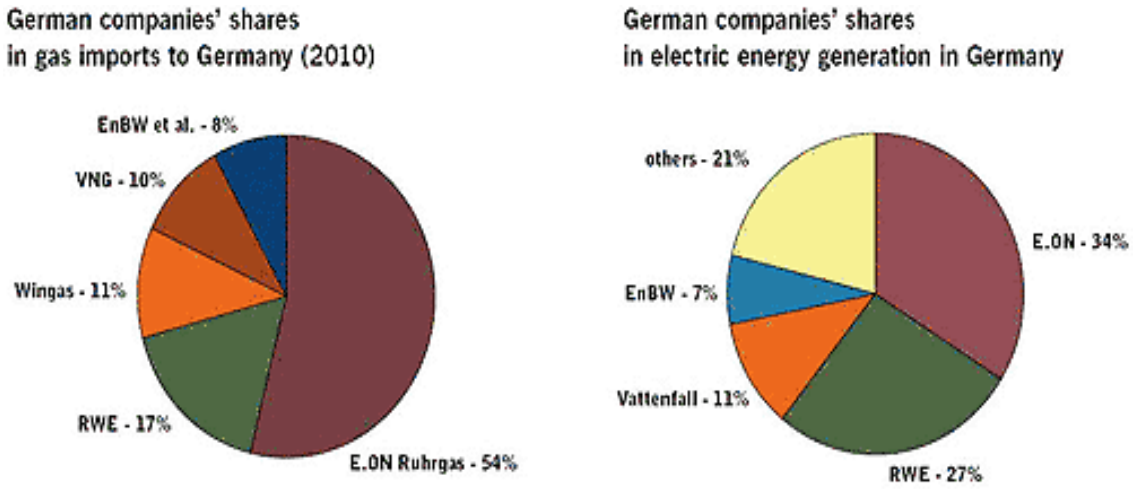
Despite the evident increase of reliance on Russian gas imports (according to Figure 5), the level of gas in Germany's energy consumption have been gradually dropping, correlating with increasing energy demand through renewable energy. The drop in gas consumption was confirmed by the IEA analysis of the German energy market, reporting its decline by 10% in 2006 compared to 2010, dropping from 100 bcm in 2005 to 90 bcm in 2010 (IEA, 2012: 18). Even though the share of natural gas in Germany's total primary energy consumption has decreased, the potential for the growth of gas supply to Germany is anticipated by the Federal Ministry for Economic Affairs and Energy (2012: 49-50). Such growth of gas supply from Russia could be attributed to the continuous depletion of indigenous gas reserves and import reduction coming from the North Sea and Norway (IEA, 2012: 20), the ruling out coal usage and growing needs for the electricity generation. The above-described changes in Germany's energy

portfolio for the last decade (to be complemented with the goals of diversification policy in section 7.1.3.) bring modification to the country's energy security position in the EU and in relations with Russia.

7.1.2. Key Energy Players

Germany is one of the few countries in the EU that does not have gas-producing companies-champions (since the country produces a very small amount of gas locally). Instead, a variety of German energy companies are responsible for energy import, transportation and electricity generation and represent a core of the German energy market. In the early 2000s, the German energy market was split between five largest gas companies, including E.ON Ruhrgas AG, RWE AG, Wingas (Wintershall-Gazprom joint venture with shares of 50.02% and 49.98% respectively), VNG (where Gazprom has 10.5% of shares) and EnBW. In 2010 German companies had comparable quotas in gas imports and electric energy generation (see Figure 6).

Figure 6: German Companies' Shares on the Gas and Electricity Markets, %



Source: Mazur (2011: 8)

The same German energy industries are responsible for the stability of energy supply security by maintaining 47 UGS with total capacity of around 20 bcm, 16 of which are operated by E.ON (E.ON, 2012). To maintain the continuity of supply, Germany tends to buy more gas in summer (due to technological specialities like pressure, temperature, etc.) and stores this gas in UGSs at home and abroad. According to the IEA (2007), Germany has enough gas reserves to enable gas supply for about 80 days of average demand, which is much higher than the mandatory EU gas stocks of 30 days, introduced by the European Commission by the Regulation 994/2010.

Until the introduction of the EU unbundling principle and the EU Third Energy Liberalisation Package in 2009, the German gas market was ruled by the above-mentioned vertically integrated companies. Those supra-regional companies controlled not only production, but also supplies and transmission, impeding competition and the access of alternative gas suppliers (IEA, 2002). Having no officially established energy sector regulator at a national level in 1990s (IEA, 2002: 9), the government allowed the energy industries to self-regulate, deciding for themselves the way the gas market should function. The regulator-free market architecture led to the high concentration of several energy industry champions, which were very protective of the German energy sector (Lohmann, 2006).

For example, E.ON AG was one of the most important energy companies in Germany, which reinforced its dominating position on the market by merging with Ruhrgas in 2003. E.ON changed the German market by becoming the largest wholesale producer and gas provider, accounting for half of German gas imports. Before the Second and Third Energy packages, German companies were strongly interlinked by ownership or contractual relationships, complementing each other and working as a well-organised team rather than competitors (demarcation principle (Lohmann, 2006: 21-22)). At an operational level, these strong ties created a 'special type' of oligopolistic industry-led market, where the gas market was divided into strict market areas controlled by these companies. This, in turn, generated very limited competition and restricted the access for any new market players. In relation to external energy suppliers, there existed a degree of freedom among the energy industries to choose its suppliers, which initially prioritised cooperation with Russia in 1990s, impacting German energy security situation in the 2000s.

After the EU unbundling energy regulations, German energy market became more competitive, encompassing the energy interests of a larger amount of energy players that are responsible for import, transmission and distribution of gas. However, German energy policy is not dominated by the influence of a single monopolistic energy company owned by the government. The structurally distinctive feature of German energy companies is that they are mainly public companies, owned by investors, municipalities and combined shareholding of energy industries and financial institutions (IEA, 2007; 2013), as opposed to state-owned and state-operated companies, like PGNiG in Poland. In principle, it means that paramount decision-making is done with economic interests as a goal, rather than politically driven policies. In addition to maintaining the obligatory gas reserves in the UGS, energy importing companies, rather than the Federal Ministries, are responsible for maintaining the country's security of supply as they are the first 'filters' of external energy supply being directly involved in

energy contract obligations with Russia. Even though the state is not a shareholder in the energy industries, German laws oblige these companies to secure energy supplies in national and the EU levels. For instance, the main acts putting in practice energy regulations were: firstly, the German Energy Industry Act (EnWG) created in 1998 and significantly modified in 13 July 2005, that aims for secure low-priced and environment-oriented energy supplies. The second act is the Federal Renewable Energy Act (EEG) created in 2000, emphasising the privilege of renewable sources. Thus, EnWG in the Section 11(1) clearly obliges German energy supply operators to operate a safe, reliable and efficient energy system, protecting them against threats (Federal Ministry for Economic Affairs and Energy of Germany, 2005).

The amount of state involvement into the energy security processes has always been a sensitive question in Germany. Having an industry led energy market, the former Minister of Economics (2009) and later Minister of Defence (2009-2011) Karl-Theodor Freiherr zu Guttenberg prioritised the importance of market and companies over governmental level involvement (German Marshall Fund, 2009). At a general level, the government has little say when it comes to gas contracts and the choice of energy partners (despite having *de-jure* power to veto the purchase of shares in German energy firms by non-EU companies, which *de-facto* has been rarely executed). It can only affect companies through legislative procedures and stimulate businesses to preserve energy security in the country and on the EU level.

Having a pragmatic energy private sector Germany's mixed economy model is an exemplary solution to energy security. As noted in the German energy concept (2010: 3), Germany aspires 'for a market-oriented energy policy that is free of ideology'. Unlike other European countries like France, when the French President Nicolas Sarkozy was involved in promoting deals for GDF/EDF (Interview 19) or when Poland invited the European Commission to participate in the gas contract negotiations with Russia in 2010, Germany does not tend to actively involve currently ruling political elites into energy business negotiations or use EU institutions as a 'safety cushion' for getting better energy deals with Russia. Some might argue that former Chancellor Gerhard Schroder, or some members of the opposition parties and the social-democrats, or ministers from the lower level, might be present during the contract re-negotiations and be a part of the Nord Stream project, but no high level political elites, which are currently in power (Interview 19).

Thus, the nature of industry-state relations is limited to the following: the German state creates a favourable and stable instrumental framework for energy projects and energy companies, in turn, guarantee the attraction of investments, technological

developments, a risk free marketplace and the energy supply at competitive prices in practice. Several German Federal Ministries define energy policy priorities and set up strategic energy-related directions, among which are the Federal Ministry for Economic Affairs and Energy (BMWi), Federal Foreign Office (Auswaertiges-amt), Federal Ministry of Environment, Natural Conservation and Nuclear Safety (BMU) and Federal Ministry of Education and Research (BMBF).

Having no separate Ministry responsible for energy issues, energy aspects have always being regarded as a part of national economy under the BMWi umbrella. Over the course of 2006, further institutional distinction regarding energy policy responsibilities were launched. Whilst the responsibilities about renewable energy, climate protection and energy efficiency were transferred to the BMU during the Gerhard Schroeder Chancellorship (the BMBF got engaged in it later), the Federal Foreign Office was reluctant to be left out and became involved in sharing the responsibilities about the international aspects of energy with BMWi in 2006 (Duffield, 2009: 4286). No matter how hard the Federal Foreign Office tried to promote foreign energy policy in the 2000s (facilitating greater dialogue between energy producing, transiting and consuming countries, approving the EU's intentions of speaking with one voice, convincing Russia to ratify ECT, etc.), German foreign energy policy was overshadowed by national priorities of energy efficiency and climate protection (Duffield, 2009: 4288). Thus BMWi reserved its competences as key policy-making in the energy sector and monitor of security of supply and is responsible for announcing emergency situations in case of gas supply disruptions or other market bottle necks (IEA, 2007; The Federal Ministry of Economic Affairs and Energy of Germany, 2012: 4). In addition, BMWi maintains in close coordination with both EU institutions and energy industries. Section 51 of EnWG together with Directive 2003/54/EC obliges the BMWi to submit a monitoring report on energy security to the European Commission at two year intervals.

Through maintaining close economic ties with companies, BMWi preserves the right balance, remaining an advocate of the energy industries (largely cooperating with Gazprom and relying on Russian energy supplies), but without imposing government's political interests. Therefore, the German government did not actively advocate for diversification policies away from Russia and raised very restrained criticism of Russia during the 2006 or 2009 supply crises, not wanting to 'upset' its key energy partner.

To sum up, the German energy market is mainly industry-led and industry-operated, which gives energy security a more market-driven meaning. This means that the political aspect of energy security is relatively detached from the economic one, which in theory should provide a less politicised approach to energy security (to be tested in

Sections 7.2. and 7.3.). The next section covers German national energy diversification policies, which illustrate the country's energy security priorities for the last decade.

7.1.3. National Energy Diversification Priorities: Diversification of Energy Types

The legacies of the market developments outlined previously and Germany's energy import dependence on external supplies, created the setting for country's energy diversification policy since 2004. Unlike the EU, which identifies energy security in terms of growing European energy import dependence and security of gas supplies (Council of the European Union, 2004), the German solution to enhance energy security for a long time was largely based on energy efficiency and stable relations with Russia. Despite attempts to develop the three-fold European approach to energy security, Hobohm (2009: 108) noticed that during the 2000s 'sustainability became the most important issue' for the country.

After the opposing parties of the Christian Democratic Union (CDU) and the Social Democratic Party (SPD) formed a Grand coalition at the end of 2005 under the rule of Chancellor Angela Merkel, who from 1994 until 1998 was the Minister of Environment, the development of the official energy policy concept started. Hence, it mostly focused on environmental problems in relation to climate change and the domestic issues of nuclear energy and economic competitiveness in regards to high energy prices, rather than security of supplies or import dependence *per se*. Since the German Foreign Office failed to advance energy security at an international level in 2006-2007 (Duffield, 2009), German domestic energy developments prioritised the enhancement of energy security through battling climate change and boosting energy efficiency and sustainability through renewable energy sources (Rohrkasten and Westphal, 2014). It was under Angela Merkel's Chancellorship that the German national position on climate change, renewable energy and increasing energy efficiency became the mainstream of German domestic energy policy, prevailing over energy security and the diversification of energy routes or sources (Duffield, 2009: 4287; The Federal Ministry of Economics and Technology and the Federal Ministry for the Environment, 2010).

Deriving from the acknowledgement that the security of energy supplies is not more important than two other pillars of the EU energy security strategy, Germany had very different approach to energy supply diversification, compared to Poland. Having well-established additional sufficient supplies from Norway and the Netherlands to satisfy its import dependence, Germany did not have an ultimate goal to diversify away from Russian supplies and supply routes. On the contrary, having the Nord Stream in place increased German gas reliance on imports from Russia. Instead, the country pursued

the diversification of energy types, which were determined by the direction of Germany's efficiency policy and the economic rationale for energy security.

- **LNG**

As far as LNG is concerned, it is an important energy source to diversify away from gas pipeline supplies and promote the development of a liberalised energy market, where gas can be treated as commodity that can be competitively traded. However, Germany is one of very few EU coastal countries that has no operational LNG terminals on its northern coast that are essential for supply diversification. Plans to construct the first LNG terminal in Wilhelmshaven were announced by Angela Merkel's government in 2006 (Umbach, 2008). Hitherto LNG terminal has failed to produce any results and since then its status has been suspended. The reason for that is that LNG in Germany is still regarded to be economically less viable than pipeline gas supply (Federal Ministry of Economics and Technology of Germany, 2012: 50). Regardless of predictions about the access of currently cheap LNG from the Middle East and shale gas from the US, Germany is not reliant on these temporary energy solutions. Instead, the Federal Government persists with the pipeline gas cooperation with Russia and investments in expensive renewable energy (IEA, 2013a), which are expected to produce significant long-term benefits.

Even if Germany decides to resume its plans to build the LNG importing terminal, the capacity of the terminal will be relatively small to cover Germany's demand, only 10 bcm per year (Duffield, 2009: 4289). This is an example of not having a politicised approach to energy security, as despite growing gas demand, the country has made an economic rather than politically grounded decision. Unlike Poland, with no cost effective justification and high construction expenses for supplying generally more expensive LNG compared to the pipeline gas, Germany has made different choices (Interview 21). Instead of having a domestic LNG option, German energy companies have shares in other LNG terminals: E.ON has 45% of shares in the Tauern project (through LNG terminal in Croatia, Austria and North Africa) and 25% of shares of LNG import Gate Terminal in the Netherlands (Antas and Loskot-Strachota, 2009). Since the last decade, the country is focused on the expanding diplomatic links with Nigeria about LNG supplies, Turkmenistan and Azerbaijan regarding Caspian region gas exploration and LNG supplies from Algeria, Libya and Egypt through the Tauern gas project (for more information see the Strategy for Central Asia produced during Germany's Presidency in the Council of the EU in 2007).

- **Shale gas**

The diversification of conventional gas supplies into unconventional fracking has been highly debated in Germany since 2008. Due to environmental lobbies, strict regulations and general public concerns about the potential risks for public health and the environment (water pollution in the area due to the technological process of the gas extraction) Germany is not rushing into shale gas fracking. The Federal Ministry for Economic Affairs and Energy is taking its time to organise a detailed study of actual shale gas reserves, which should be completed in 2015, to get a reliable estimate of domestic unconventional gas deposits (Interview 21). According to approximate estimations of German Ministry of Environment, most of the reserves are located in the North of the country, but since not all Federal States have given full permission to explore shale gas it is difficult to make accurate estimations. A survey by the Federal Institute for Geosciences and Natural Resources estimates the amount of the accessible unconventional gas reserves seven-times more than the conventional deposits (Andruleit et al., 2014: 23-24). If the economic gains are certain and safety issues are cleared, Germany is likely to be more positive about shale gas as in the medium-term.

- **Nuclear energy debate**

Unlike coal that accounts for more than 40% of produced electricity in Germany, gas and nuclear energy remain the 'cleanest'[69] conventional sources with relatively minimal impact on climate change and the environment. Almost one quarter of German electricity was produced by 17 nuclear reactors in Germany in the early 2000s. Nuclear energy utilisation has always been a highly debated topic within German political elites. To date, Germany has had multiple attempts to shut its nuclear reactors taking place after the 1986 Chernobyl disaster by the Social Democratic Party (SPD) but was put on hold by the Christian Democrat (CDU) federal government until October 1998, when the coalition between the Social Democratic Party (SPD) and the Green Party suggested it again. In June 2001 the Red-Green federal government and the nuclear plants operators signed an agreement on Phased Termination of nuclear power use in Germany and prohibited building any new reactors. Environmentalists in the governing coalition managed to pass a Nuclear Exit Law to gradually phase out nuclear power by 2020 (World Nuclear Association, 2015).

However, during Angela Merkel's second Chancellorship term, general changes of German energy policy occurred that also affected nuclear energy. The adopted 'Energy

[69] Nuclear plants are less CO2 polluting compared to coal plants. However, the nuclear wastes are the major environmental concern of the Green lobbies.

Concept for an Environmentally Sound, Reliable and Affordable Energy Supply' issued by BMWi in September 2010 set out the long-term climate and energy approach focusing on fundamental restructuring of its energy system 'Energiewende' by 2050. Among the aims of 2010 Energy Concept were: the incentive to produce high economic opportunities and growth; focus on innovations and cost-effective technologies for market, competition and environmental purposes; climate and energy targets through renewable energy, increase of energy efficiency and the reduction of energy consumption and a cap and trade system (The Federal Ministry of Economics and Technology and the Federal Ministry for the Environment, 2010: 29). As for nuclear energy, after years of negotiations and lobbying for licence extensions for reactors, the operating time of 17 nuclear plants in Germany was to be extended on average by 12 years (*ibid.*: 15-16).

However, the Fukushima energy calamity in Japan in March 2011 instigated rapid changes in the German approach to nuclear energy as the source for electricity generation, creating a huge wave of political discontent. Through the adoption of amendments to the 2010 Energy Concept on 6th of June 2011, Angela Merkel's Federal Government accelerated the nuclear phase-out by closing down 8 nuclear reactors straight away and the remaining 9 plants will be closed by 2022 (World Nuclear Association, 2015).

German Chancellor Angela Merkel's unilateral and prompt decision to accelerate the nuclear power phase-out uncovered a whole spectrum of attitudes about the political, economic and technological challenge that the country had to face. The 'old-new' nuclear exit plan will require replacing around 22% of the gross electricity output generated by the nuclear plants. The optimistic environmentalist are assured that Germany can be economically sustainable and environmentally efficient without nuclear energy (with the help of Russian gas imports and energy renewables), while environmental pessimists fear that nuclear energy demand will have to be covered by CO2 emitting coal-burning plants. Hockenos (2012) shows the examples of vocal criticism of Angela Merkel's decision not only from her own party members and the owners of country's nuclear power plants and grid operators, but also from the federal states (Landers), the members of German Green Party, private sector companies (RWE, E.ON, Vattenfall and ENBW), the influential opinions of think tanks close to the government like German Energy Agency (DENA) and Agency for Renewable Energies (AER). Some official sources of the European Commission continuously referred to Germany's energy strategy as inconsistent and not leaving much 'room for manoeuvre' within the suggested policy (Interview 4).

In June 2012, four German energy companies E.ON, RWE, EnBW, Vattenfall, that own the nuclear power plants expected to be shut down, presented a case against governmental actions in the Federal Constitutional Court to get the fuel tax reimbursement on the unused fuel in the already closed reactors.[70] RWE and E.ON were refunded 74 million euro and 96 million euro respectively (World Nuclear Association, 2015). It was bad timing for energy policy changes as the country, together with the whole EU, was dealing with the burden of the world economic crisis. The fact that German industries can be openly confrontational with the government and use their legal rights against state actions underlines the above observations about the energy market being industry-ruled.

The wide opposition towards Angela Merkel's 'Energiewende' is rather surprising from the political circles but understandable from the energy companies' perspective. Especially if taking into account that the key targets of energy system restructuring (like the nuclear exit but with a postponed timeframe for 12 years by 2022, CO2 emission reduction and the boost of share of renewables in energy consumption) were laid out and accepted in 2010 Energy Concept even before the Fukushima disaster in March 2011. Angela Merkel's Federal Government just accelerated the implementation of the previously established measures of 2010 Energy Concept. Hence, the energy industries' discontent seems plausible due to additional economic, structural and human resource burden.

As most of substantial transitions, German nuclear 'Energiewende' will likely be time-consuming and expensive, with many conflicting interests and lobbies involved. Naturally, all the actors affected by this step have their own reasons to support or condemn the government's decision. To name but a few: economic (such as loss of nuclear supply revenues, enormous investments, tax burden, loss of jobs and increase of energy inefficiency), ideological (re-election and vote gaining purposes), political (inability to satisfy public demand, increased dependence on one dominant gas supplier Russia and pursue credible federal state policies) or ecological reasons (additional burden on environmentally unfriendly coal, deforestation for placing wind turbines and others).

[70] By introducing the nuclear fuel tax in 2010, the Federal Government looked at the extending the life of the nuclear power plants in Germany. Since the government revoked its intention, energy industries demanded compensation. Nuclear Fuel Tax Act was illegitimate and the introduction of the tax depended on the extension of the nuclear power plants application.

- **Renewable energy**

For the last decade, the environmental aspect of the energy security has been prominent in German thinking, as the country has been interested in the production of renewable energy for a long time. The German Renewable Energy Act (EEG) of 2000 intended to increase the cost-effectiveness of energy usage and introduced renewable energy in the energy basket. Since the 2000s the German government implemented feed-in electricity tariffs[71] (which aimed to subsidise emerging renewable energy technologies in solar electricity and wind-power systems to provide stable environment for risky investments in renewables) and regulations to enhance energy efficiency (IEA, 2002; 2013). The Energy Concept of 2010 re-emphasised the increase in subsidies of low-carbon, secure energy supplies and environmental projects (feeding 'green energy' into the power grid according to the Renewable Energy Act EEG). It also focused on the use of the significant amount of revenues from auctioning CO2 emission allowance, when by 2013 power plants would be obliged to purchase a larger amount of CO2 emission allowances (The Federal Ministry of Economics and Technology and the Federal Ministry for the Environment, 2010). The financial support of the German government is seen to help to fulfil German energy and climate EU commitments.

However, like with the nuclear phase out opposition, Angela Merkel was criticised for introducing a rather hostile regulatory regime, for the superficiality and the radicalism of climate change and energy efficiency targets. Some would argue that Angela Merkel's 'Energiewende' and energy efficiency improvement strategy is too ambitious, costly and unrealistic (Duffield, 2009:4289; Interview 21). The 2010 Energy Concept ambitious greenhouse gas strategy reduction up to 40% by 2020 and 80-95% by 2050 from the level of 1990 (articulated on the 1st of July 2008) and a 20% reduction of primary energy consumption by 2020 puts a strain on the country's budget and a burden on other energy market players and consumers. According to Deutsche Bank Research (Auer and Heymann, 2012), Germany requires around 30 billion euro of investment per year to meet climate and energy objectives (including 17-19 billion into renewable energy per se). Subsidies into renewable energies are not sufficient and they also undermine international competition, sending the wrong signals to the energy market and potential investors (IEA, 2013a: 12). In addition, Germany lacks a precise roadmap with the means of describing how exactly to reach the policy targets, including insufficient involvement of European cooperation on a regional and international level to reach common European 20-20-20 energy goals.

[71] Feed-in energy tariff allows citizens, farmers, small industries and community groups to install their own renewable energy systems and sell the electricity they generate for profit.

The post-Fukushima modification of German energy policy (dated by June 2011) put clear emphasis on prioritising not only renewable energy. For the first time, natural gas was mentioned as a key strategic environmentally friendly source for electricity generation (Auer and Heymann, 2012: 3; IEA, 2013a). Whereas the goals for the clean power generation are understandable, there are no solid grounds to believe that gas-fired generating stations can override coal-generating stations in Germany. Out of 24 stations, which were under construction currently, 10 were coal-based, 12 were wind-generators, 1 was a hydro station, and only 1 was based on gas (Mitrova, 2012: 15). This indicates a straight-forward intention to prioritise renewable energy over the non-environmentally friendly conventional sources. Moreover, by subsidising the use of renewable energy and accounting for rather high gas prices in the EU, the existing gas-fired plants are becoming less competitive and have to be shut-down (Auer and Heymann, 2012). Gas supply becomes even more expensive if financial assistance is provided to domestic energy sources like renewables.

How things stood by the end of 2012, the share of renewable energy in primary energy production increased from 18.8% in 2005 to 33.4% in 2012 (AGEB, 2015). Hence even with the artificial boost of subsidies into renewables, it is not enough to meet the German government's goals to increase energy production from renewables. With current trends, Germany still struggles to meet EU low-carbon goals with current energy demand (as well as the whole EU with its 20-20-20 targets). Most of the energy industries are struggling to effectively implement renewable energy for power generation (since many energy industries like E.ON, RWE and others invested heavily into conventional generation before the 'rush for renewables'). Having no return on their investments means the financial burden has to be shared with citizens, individual investors, farmers, community groups and small enterprises (IEA, 2013a: 12). Despite long-term relative benefits for the country's energy producers, the studies of Thure and Kemfert (2009) proved that the German feed-in energy law that promotes renewable technologies, puts temporary pressure on customers, additional tax burdens on the wealthy and increases the electricity price for consumers.

Moreover, there is a technological problem with the reliability of the electricity supply system - the tension on the electricity grids might lead to power blackouts and additional expansions of power grids might be needed. German energy grids are not prepared for the surplus of energy and the stability of the energy grid depends on the amount of sunny days and wind, which puts additional strain on congested infrastructure networks (IEA, 2013a: 13-14). As cited in the Spiegel Online news by Gerhard Schroeder (2012), the survey of members of the Association of German Industrial Energy Companies calculated, the number of interruptions to the German

electricity grid has increased by 29% since 2009. Therefore, in the scenario where there is an excess of electricity, the country has to export it to other EU members at low prices. This situation creates a potential danger of an electricity glut if other MSs lack the demand for it or do not have connectors to the German grid to receive the energy (which will create financial burden for the EU budget that is already involved in the construction of interconnecting grids). However, the opposite situation could arise with a shortage of energy produced by renewables like solar and wind power, seasonal fluctuations of the grid has to be covered by cheaper imports from other EU MSs, like the Czech Republic and France, or gas fired power stations (Hockenos, 2012) combined with gas supplies from Russia. In both cases effective inter-state electricity trade is undermined by restricted cross-border transmission capacities (Thure and Kemfert, 2009: 155). In summary, for Germany domestic disruptions (either due to the vulnerability of infrastructure, or insufficient power generation capacity or high energy intensity) are more probable risks rather than international energy cut offs from Russia.

As a result, in summer 2011 the Federal Government stood by the long-term purposeful process to restructure the energy sector in Germany by passing through the 6 laws and 1 ordinance, known as the 'Energy package'. None of these laws are related to natural gas directly, but rather focus on nuclear, electricity and environmental issues (Federal Ministry of Economics and Technology of Germany, 2012: 7), and will have medium and long-term indirect economic implications not only for Germany but also other EU MSs. While there is not a single LNG terminal in Germany, and prospects for shale gas are underexplored, nuclear energy remains controversial and renewable energy has a long-term potential but currently suffers from under-investment, Russian gas remains a safe, consistent and reasonable option for Germany.

The changes in priority energy diversification choices for the last decade are characterised by the growing reliance on gas, the active development of renewable energy, the determination to reduce the usage of coal and phase out nuclear energy – which allows us to conclude that gas supplies from Russia should remain the key priority for German sustainable development. The particular structure of Germany's energy market, the described changes in the German energy mix and high import dependence on Russian gas supplies were not found to be decisive factors that would lead Germany to diversify away from Russian routes and sources.

7.2. German Attitudes towards EU Energy Security Policy

Germany is generally committed to the three-fold European energy security approach of sustainability, competitiveness and security of supply, defined as '*uninterrupted availability of energy sources at an affordable price'* (European Commission, 2006: 6; IEA, 2013b). In Germany, since 'energy security is almost solely linked to domestic energy developments' and 'Energiewende' with the immediate concerns about stability of electricity supplies rather than gas (Rohrkasten and Westphal, 2014: 50), references to energy security of supply are made mainly in the context of the above EU Commission's priorities, rather than presented as a perspective of the German national view. The definition of energy security in general is missing in the diplomatic circles of Berlin, as confirmed by the official in the German Permanent Representation to the EU:

> The energy security notion is commonly used to refer to the security of supply that is an equal dimension to other pillars of energy policy – sustainability and competitiveness. However, there is no overarching political strategy to guarantee 'energy security' as such (Interview 20).

Therefore, reflecting the EU's energy security definition, Germany enables 'uninterrupted availability of energy sources' by developing its internal energy types (mainly renewable energy as Section 7.1.3. underlines), its reliance on supplies from Russia through the Nord Stream pipeline and a generally effective energy partnership with Russia (as Section 7.3.1. will demonstrate). This section presents German attitudes to EU intentions to embrace energy security through the internal mechanism of building the EU integrated energy market, and illustrates the country's approach to the principle of solidarity through the example of the Nord Steam.

7.2.1. German Stand on EU Gas Market Liberalisation

The German national energy market liberalisation strategy developed alongside EU energy market initiatives. German energy policy started from the market de-regulation process and market opening based on EU Directive 98/30/EC in 1998 and has been gradually changing ever since through the Second EU gas directive of 2003 and the Third Energy Package of 2009.

Like other EU MSs Germany had some complications with liberalising its gas market. Despite implementing EU First Gas Directive in 1998, the German oligopolic market lacked sufficient competition (IEA, 2002). The effectiveness and progress of the liberalisation processes leading to the stagnation of the gas market in 2000-2005 have been highly debated. According to Lohmann's studies for the Oxford Institute of Energy

Studies (Lohmann, 2006; 2009), complications of the liberalisation processes and the stagnation can be explained by most of the political choices of the government in power. Lohmann claimed, 'there has never been a clear political commitment to market liberalisation in Germany. The government has not followed a coherent strategy of opening the market' (Lohmann, 2006: 5-6).

At first, neither the German government, nor German political circles or energy companies supported this initiative. The lack of political incentives for market opening was confirmed by the BMWi, which overruled the decision of the Federal Cartel Office of 2002 on the basis of security of supply, forbidding the merge of E.ON with Ruhrgas. The following step only strengthened dominant position of E.ON Ruhrgas on the market (Arentsen and Kunneke, 2003). Surprisingly, the EU Commission did nothing to prevent this clear example of a monopolistic merger on the evolving competitive energy market in the EU.

German gas industries and network users in July 2000 signed the Association Agreement, choosing an energy regulator-free gas market architecture with negotiated third party access to networks (IEA, 2002: 9). Applying this logic meant that the access to energy infrastructure and prices were negotiated between energy companies and other market players (like the Federation of German Industries), making it non-transparent and non-equal for other market players, as well as violating the competition rules. For instance, Russia being the biggest energy exporter to Germany, for a long time had preferential access to pipelines and storage of its gas in German UGS. In addition to the negotiated access to pipeline infrastructure and UGS, the German gas market has been constrained by long-term inflexible gas contracts at the wholesale level, lack of liquidity and had ineffective long delivery chains from gas importing companies to their end-user customers (Lohmann, 2006: 8-9, 20; IEA, 2007).

Hence a few attempts to accelerate the development of competition have been made during early 2000s. In order to open the German market, the Federal Network Agency (BNetzA), the German grid regulator for electricity, gas, telecommunications, post and railway markets (1998), in cooperation with the German anti-trust authority (BKartA), ensured transparent pricing, bringing the divergent interests of various energy industries and stakeholders together under a structural framework (Lang, 2012). They enabled energy giants like E.ON Ruhrgas and others to adapt their market behaviour and be perceptive to structural changes in the market (Lohmann, 2009: 127-128).

Nevertheless, the crucial liberalisation and market opening changes in Germany started to take place when Directive 2003/55/EC of the European Parliament and the

Council (Article 25) and the Third Energy Package were implemented, committing Germany to the formulation of a new energy policy. It created some additional struggles for German energy political elites, as it demanded the introduction of an independent regulator that would monitor fees and the implementation of the regulated third party access to the gas networks. Hence, Germany was among the last members of the EU to create an independent network regulator, the Federal Network Agency (Bundesnetzagentur) in July 2005, reluctantly moving from a negotiated to a regulated approach. In 2007 the EU Commission initiated an anti-trust investigation against E.ON and RWE, pushing the companies to sell their transmission networks to independent operators, which proved to be successful. From the very beginning, Germany was one of the strongest protesters of the Commission's initial proposal of full 'ownership unbundling' (Vaisse and Kundnani, 2011: 52), since it would downsize energy industries.

The EU Commission's facilitation technique was successful as both companies unbundled production from transmission. However, not all the profit-oriented energy industries followed the same path. For instance, Wingas was against the unbundling of sales from transportation activities, since the nature of its business was based on building pipelines first and supporting them with contracts with big energy-customers for gas deliveries later. For that reason, Wingas was interested in controlling the whole delivery chain (Lohmann, 2006: 63). Since the Ministry of Economy reflects the interests of German gas industries, officials expressed their reservations publicly many times. Thus, former Minister of Economy in Germany Guttenberg, despite acknowledging the significance of the EU common market approach to energy, regarded unbundling as a bad idea, claiming that 'more market' does not have to mean 'more unbundling' (German Marshall Fund, 2009).

When the new model of free network access was introduced in October 2006, Germany was divided into about 20 various market areas, with the ultimate aim of the new model to reduce the number of such areas, facilitating competition, more market participants, liquidity and efficiency of wholesale markets (eventually bringing the domestic gas price down). A market area aggregates different interconnected networks of different operators, it is usually composed of at least 1 interregional transmission network with its own separate entry point of natural gas, as well as a number of local distribution networks with their own separate entry points. Larger market areas facilitate the transport of gas at lower costs, since the flows do not have to cross the borders of the market areas. A joint report of BNetzA and BKartA in 2012 indicated the consolidation of market areas into 2 areas by October 2011, containing two major hubs

- NCG and Gaspool (The Federal Network Agency and the Federal Cartel Office of Germany, 2012: 2).

Nevertheless, the problems with low liquidity in the wholesale gas market compared to its neighbours still persist. Gas market experts suggest it is happening because industrial energy firms prefer buying gas under existing long-term familiar contracts from the large suppliers, and not from the trading platforms and hubs (Riemens, 2013: 44-45). The standard contracts on the hubs are too large for small and medium size companies and there is 'no contractual possibility to purchase partially on the hubs' (*ibid.* 45). In addition, despite having a national energy regulator responsible for price regulations, by the end of 2012 Germany still did not have regulated retail energy prices but prices set by state intervention that do not provide end-users with the best deals (European Commission, 2012d).

The analysis above indicated the country's struggle to comply with the EU gas market liberalisation, which resembles Poland's reasons to oppose market restructuring. A strong stand of the German state and its national energy industries against unbundling was dictated by the economic rationale and the 'old way' for German energy industries to function within the same market segments, using familiar market practices and supply structures. It would be superficial to claim that Germany fully resisted changes and opposed market liberalisation, but rather that the German ways of doing it (guided by national interests of its energy industries) did not correspond to the European vision for market opening.

7.2.2. German Approach to Energy Solidarity in the EU: The Nord Stream Project

Germany's pronounced energy interests in the EU have been illustrated in the example of the Nord Stream pipeline. According to Meister (2014: 7), 'Germany's bilateral relations with Russia have in the past undermined the construction of a coherent European Russia policy', and was viewed by Poland and the EU purely as national interest-driven, selfish and disregarding European energy solidarity. German authorities do not deny the 'convenience' of participating in the Nord Stream project for German energy security, especially as 'the majority of costs were covered by the Russian side, it reduces the supply chain and eliminates potential political transit risks from other countries' (Interview 13). However, all sorts of Polish remarks and accusations were regarded as 'overly emotional and groundless' (Interview 13; Interview 21). The official from BMWi underlined the prejudicial attitudes and the

politicisation of the energy security discourse in the EU, stating that 'you can find every hidden sense in any policy if you are deliberately searching for it' (Interview 13).

Chapter 6 observed Poland's opposition to the Russian energy approach but also to German 'non-solidarity' individualistic and interest driven energy policy-making. In the attempts to raise credibility of the Nord Stream, former German Chancellor Gerhard Schroeder, and simultaneously the Head of the Nord Stream Shareholders Committee, emphasised that Gazprom is not the only decision-maker in this project. In case of any controversial situation that can harm EU energy interests, Gerhard Schroeder had a *casting vote* in decision-making that could override supervisory decisions in deadlock situations. Gerhard Schroeder called it an 'indication of trust' from the Russian side that clearly demonstrates the lack of threatening intentions to the EU in general (Schroeder, 2007). Since the Nord Stream has been built and put into service in 2012, there have been no anti-EU MSs' directed energy actions from the Russian side, at which point Germany had to intervene with its casting vote.

Deriving from interview responses of German political elites, there is a clear confusion regarding what European energy solidarity practically means in political and economic terms (Interviews 21; Interview 13; Interview, Interview 19, Interview 22). The example of the Nord Stream exposed the lack of solidarity interests in both Polish and German cases. If Germany undermined solidarity by not considering Polish energy interests and prioritising another Russian pipeline, then Poland infringed the mutually European intention of enhancing energy security on the gas market by refusing to facilitate flexibility of EU infrastructure intentions to build the interconnector between Germany and Poland, providing north-south gas flow (Roth, 2011). A German senior energy expert questions why political 'blocking' of the Nord Stream pipeline does not impede solidarity or why solidarity should mean that a wealthier and more economically advantaged MS should pay an expensive price for the idea of construction of the European energy market (Interview 21). For instance, if a country like Poland has a less favourable gas supply contract at higher prices, economically indebting the country, does it mean that according to solidarity principle Germany should help with Poland's unfair treatment by paying out its debts, or it should supply energy below market prices? Some of the EU MSs already pay a bigger portion for the construction of the European energy market, because the EU budget is often over-used to install infrastructure that has not been provided by market demand (Interview 21). For instance, many economically unviable west-east gas pipeline interconnectors are being sponsored and built only to provide an option for the possibility of having a supply disruption in the future.

Polish anti-Nord Stream accusations of the German-Russian bilateral deal and Poland's emotive behaviour were criticised by the former German Chancellor Gerhard Schroeder in an interview with European Energy Review. He emphasised that 'Solidarity is not a one-way street. Western Europe needs this gas through the Nord Stream pipeline. And of course the others need gas as well, they also are entitled to solidarity' (Schroeder, 2008: 47). That means Poland cannot use energy solidarity connotations only in its favour, applying double standards in defining it. German officials emphasise pragmatism in approaching solidarity and that 'there can be no solidarity without responsibility' (German Marshall Fund, 2009). Apparently, Brussels should pay attention to the concept of 'responsibility' (which was also mentioned in Article 80 of the Consolidated Version of the Treaty of the Functioning of the European Union of 2010, C 83/47) as much as 'solidarity'.

Looking beyond the Nord Stream example, Germany was rather efficient and fulfilled its solidarity 'duties' in practice during the supply crisis in 2009. Germany put a lot of effort not only in redirecting the flows from the east to the south of the country, but also in assisting other EU MSs in need. Wingas, for instance, was able to compensate gas shortages through the increased flow via the Yamal-Europe pipeline. VNG and Ontras managed to deliver Norwegian gas to the Czech Republic by reconfiguring the gas flow (gas reverse). Additionally, RWE Transgas and VNG assisted Slovakian gas provider SPP from German-owned UGS (which Germany rents in Slovakia for its internal energy needs during the peak winter consumption). Finally, Ruhrgas ensured gas supplies to Hungary, Slovenia and some other South-European countries (Schroeter, 2009: 102-104). According to Antas and Gotkowska (2009), 'not only did the gas crisis not adversely affect Germany but it also revealed the importance of German energy companies in the region'. Consequently, Germany's responsiveness positively contributed to the improvement of its image in the EU (which will be analysed in Section 7.4. in details). Actually, such 'regional energy solidarity' was the principle adopted by the European Council conclusions of March 2007 and inserted in the Directive 2009/73/EC concerning common rules for the internal market in natural gas (Article 6) and emergency supply situations. Derived from that, German support can be regarded as a fulfilment of required solidarity rather than a gesture of a good will.

In general, German energy security priorities are based on the market-driven interests of national energy companies (not necessarily coherent with the EU interests). The country is rather open about their national energy interests, which do not necessarily correspond to the common energy priorities of the EU or other EU MSs. In a 2012 energy policy document BMWi states that Germany:

> welcomes many of the proposals of the European Commission[72]… the Federal Government must pursue its own foreign energy policy to accommodate Germany's specific interests and circumstances at the international level' (Federal Ministry of Economics and Technology of Germany, 2012: 50).

However, it is difficult to see where Germany goes wrong in utilising its freedom of choice in energy suppliers (mainly Russia) and energy mixes (like prioritising renewables and phasing out nuclear energy) according to the stipulations of Lisbon Treaty Article 194. So do other countries of the EU, like Poland that chose to build an LNG terminal and kept using coal-generating plants unless they find plausible alternative, rather than increase supplies from Russia. One thing remains evident: EU MSs' energy policy choices and energy preferences are locked into the pre-set European energy security values, environmental targets and domestic energy policies, having a domino effect on each other.

The example of the Nord Stream illustrated that Germany's understanding of energy solidarity varies from the EU's (and Poland's). Unlike Poland, which viewed the Nord Steam as a redirection of Russian energy flows to Poland's disadvantage (that threatens its energy security of supply), Germany perceived this project as an opportunity to provide additional supplies that can be re-circulated between the EU MSs in the case of crisis (which enhances the security of gas supplies). Those conceptually different understandings of energy solidary created a lot of tensions and misperceptions in relations between Germany and Poland.

7.3. Understanding of German-Russian Energy Relationships

The history of energy supplies between Germany and Russia is one of the oldest in Europe, which began after the Second World War, when in the 1960s Soviet gas was delivered to Poland, Austria and Germany. Trying to play the role of mediator in easing the tension in east-west conflicts and improving relations with Eastern Germany, Western Germany built the first gas pipeline from the USSR in the 1970s with the help of funding from Western Europe (Aalto, 2008: 94). That was the foundation in establishing economic relations and mutual interdependence with the former Soviet Union and later Russia. Germany has always been interested in having stable political and economic relations with Russia, with the key political focus on democratising

[72] Including EU's Early Warning Mechanism, broader energy mix, diversification of energy supplier countries and routes but where economically viable.

Russia and liberalising its market. According to Meister (2014: 2), modernisation and diversification of Russia's economy was supposed to come through investments and knowledge transfer, making Russia an important market for German exports. After the break-up of the USSR, both Germany and Russia, which re-emerged as independent states, underwent the process of forming their energy identity via different means, becoming political and economic drivers in the EU and the former Soviet Union space respectively.

The German positive mode of energy cooperation with Russia on the inter-governmental and inter-company levels and deepening integration of their gas supply relationships through the Nord Stream created a platform for 'uninterrupted availability of energy supply' (European Commission, 2006: 6; IEA, 2013b) and diminished the existence of threat perception. However, while Germany manages to effectively reduce the threat perception account of gas supply security, the clashes over 'affordable price' for the supplied gas from Russia (European Commission, 2006: 6; IEA, 2013b) proves to be more energy security related for Germany. The analysis continues with discovering the reasons why energy security hasn't been a part of a broader national security strategy in Germany and explores to what extent import dependence on Russia and the previous examples of supply disruptions affect German energy threat perceptions related to Russia.

7.3.1. The Nature of German-Russian 'Strategic Partnership'

Since the 1990s the two countries have had much in common not only in economic prosperity goals but also politically, driven by inter-personal relationships of the heads of state and government (which have a positive impact on building energy bridges between Russian and German economies). During the 1990s, cooperation with Russia was largely characterised by a so-called 'sauna-friendship', based on a personal type of 'special relationships' between the first Russian President Boris Yeltsin and the German Chancellor at that time Helmut Kohl (Adomeit, 2005: 6). Major political changes in German-Russian relationships occurred under the rule of the Red-Green coalition headed by the German Chancellor Gerhard Schroeder during 1998-2005 and under the newly elected Russian President Vladimir Putin in early 2000s. The leaders shifted the previous mode of 'special relationships' into a more politically driven and economy based type of relationships (with elements of personal friendship). This was the period when both countries were involved in building mutual trust on governmental and parliamentary levels, laying down the official grounds for their relationship through German-Russian bilateral policy initiatives. Thus, German-Russian inter-governmental consultations on commonly important topics in economics (including energy), foreign

policy, cultural and civil society were launched in 2001 at the 'The Petersburg Dialogue' forum. The forum included regular meetings with the different levels of government involved and businesses. In 2011 Germany launched similar type of consultations with Poland adding to the list that contains France, India and Israel. Notwithstanding, since September 2000 there have been only two Friendship Groups functioning in the constitutional body of Bundesrat - Franco-German and German-Russian Parliamentary Friendship Groups, which clearly illustrates the priorities of German political agenda. These groups aimed to 'to help strengthen the many existing regional contacts between the German Lander, or federal states, and the Russian federal subjects, whilst also further improving the existing good relations' between the two states' (The Federal Council of Germany, 2015).

Unlike the boost in political and diplomatic foreign policy relations on the intergovernmental level, German-Russian trade and energy interactions were limited to corporate level of cooperation between German companies and the Russian Gazprom. Hence, under Gerhard Schroeder's Coalition, for the first and only time the positive tone of the political relationship between Russia and Germany directly affected the energy market, when the Nord Stream gas pipeline project was agreed in 2005 and Gerhard Schroeder was appointed as a Head of the shareholder committee of the Nord Stream at the end of his term. As seen before, this political move created many concerns among other EU MSs about Germany's energy-related intentions within the EU. Despite the EU's wide criticism towards Vladimir Putin's non-democratic rule, Gerhard Schroeder was reluctant to present Russia in this unfavourable light and publicly criticise it (Adomeit, 2012: 5, 8), preferring to discuss his reservations about energy affairs during private meetings (Timmins, 2011: 193-194).

After Gerhard Schroeder's Chancellorship era, Angela Merkel 'inherited' a rather different Germany in 2005 and a structurally different political and economic architecture of the EU, having to deal with massive anti-Russian pressure from newly joined CEE countries. This explains a more pronounced European context of German policy-making. If during the first term Chancellorship under the CDU/SPD coalition in 2005-2009 Germany was more restrained about Russian energy politics, then under the CDU/FDP coalition between 2009-2013 Angela Merkel's attitudes towards Russia were more critical and energy security determined. The latter was explained by the impact of 2009 energy supply disruptions, Russia's different from the West international foreign policy stance and due to its problems with democracy, corruption and human rights. The general trend of German-Russian energy relationships can be characterised by the gradual shift from the unconditional 'special relationship' towards more 'diplomatic pragmatism' with a precise focus on economic interests.

Nevertheless, Russia's newly assertive foreign policy after 2000 did not prevent Germany from prioritising energy relationships over politics, shaping a 'strategic partnership' with Russia. There is parity between the two states as they enjoy long lasting and stable energy supply interactions, allowing an understanding of each other as energy partners (Helm, 2006; Adomeit, 2012). They have had similar views on the structure of the gas market dominated by vertically integrated energy companies (which Germany only changed on the basis of the EU legislation in the late 2000s) and symmetrical energy interdependence (German demand for Russian gas is comparable to Russian need for German investments, technologies, modernisation and energy efficiency). For the BMWi in Berlin, the best way to organise a successful foreign energy policy is through energy dialogues and energy partnerships [73], which is key to the security of supply and trust-building between the countries (The Federal Ministry of Economic Affairs and Energy of Germany, 2012: 51-52). BMWi confirmed that 'of all the countries supplying gas to Germany, a special status is afforded to Russia' (Federal Ministry of Economics and Technology of Germany, 2012: 50). German-Russian strategic partnership 'entails frank, constructive and critical dialogue', where among other issues energy and transportation are also discussed (Federal Foreign Office of Germany, 2012).

An example of mutual understanding and amiability is demonstrated by the statement of the Russian Prime Minister Vladimir Putin during the press-conference in Germany presents. He straightforwardly emphasised high dependence of Germany on Russian energy exports by posing a rhetorical question for German political elites about their energy strategy to drop the nuclear and coal from the German energy mix:

> How will you heat your houses? You do not want gas, you do not want to develop nuclear energy. Where will you get your heat from then? From firewood? Even for firewood you will need to go to Siberia. You do not even have wood (Dempsey, 2010).

German political elites' light-hearted reaction to this non-diplomatic and provocative statement allowed concluding that German and Russian energy relations are based on trust, open criticism, and constructive engagement. Otherwise, it would be unlikely for political leaders to freely express their opinions in such a manner without putting strain on their relations.

[73] Germany has some successful energy partnerships with two main fuel suppliers Norway and Russia (mainly German-Russian Partnership for Modernisation with the focus on efficiency), Energy partnerships with Morocco and Tunisia (main partners in renewable energy production within the DESERTEC project) as well as Turkey, China, Brazil and some others. So being rather important energy supplier, Russia is not an exclusive German energy partner.

Therefore, as a 'strategic partnership' in energy was identified as an inseparable attribute of energy supply security, the analysis of German-Russian multi-level cooperation will correspond to the first part of the commonly acknowledged definition of *'uninterrupted availability of energy sources and affordability of price'* (European Commission, 2006; IEA, 2013b). Germany's conceptualisation of 'affordable price' as presenting an energy threat will be examined through the prism of gas price controversies with Russia below.

- **German-Russian Multi-Level Cooperation**

If broader foreign policy perceptions of the Russian interests and identity are rather isolated[74] from economy, then Germany and Russia are 'on the same page' regarding the energy sector. Germany is the only EU country that has a rather equal and comparable bargaining position during negotiations of energy issues with Russia due to its economic weight and the importance of import-export interactions. Russian assertive and controversial foreign policy has had only minor effects on the economic side of German-Russian energy relations, both during Gerhard Schroeder's or Angela Merkel's Chancellorships. Thus, Germany and Russia have been successfully cooperating on two levels: the *inter-governmental level* (including the Federal states and individual political elites) and the *corporate level* (mainly between Gazprom and German energy industries).

The list of already mentioned inter-governmental initiatives can be complemented with a few more. Naming all of the cooperative initiatives would go beyond the scope of this thesis and stretch the word limit, therefore only a few following examples will be mentioned. Regarding inter-governmental cooperation, during Angela Merkel's official visit to Russia in October 2008 she managed not only to restore bilateral relations after the Georgian war in 2008, but also provided a platform for signing major gas agreements between Gazprom and E.ON. During the same year both countries created the framework for the Partnership for Modernisation (Meister, 2014), which was focused on energy efficiency and included energy and climate issues, transportation and logistics as well as scientific collaboration (Federal Foreign Office of Germany, 2008). Furthermore, energy relations were developing through the German-Russian Raw Materials Forum, a bilateral discussion on political and scientific levels established in 2006[75].

[74] For general perceptions of Russia in the economic, political, historical, societal and cultural terms by the German media and political experts see (Krumm, 2012: 147-184).
[75] See http://www.rohstoff-forum.org

Bilateral negotiations between former Russian President Dmitry Medvedev and Chancellor Angela Merkel in July 2009 in Munich facilitated the further development of energy relations. Russo-German inter-governmental consultations proposed to include informal semi-annual summits between energy companies and cabinet ministers. The decision to enhance energy cooperation eventuated in the creation of a German-Russian Energy Agency (Rudea, where 40% belongs to the German Energy Agency DENA and the rest to its Russian counterparts). Both Rudea and DENA are extremely influential in the Russian-German energy arena, providing energy consultations and bringing commercial partners together in promoting energy efficiency. Those two agencies pose evidence of how the German government tries to politically support the interests of energy businesses and how the level of companies and the state becomes more and more integrated and interlinked. Another example of all-round energy partnership was the Roadmap for Cooperation in power generation and gas supply between Gazprom and the largest and the most economically fast growing German Federal State of Bavaria in September 2011 (Gazprom website, 2011).

The amount of bilateral German-Russian initiatives confirms the mutual interest in strategic energy cooperation and high level of trust between the two parties. The more de-politicised interplays and efficient discussions the countries have – the more productive and positive their relations are. The paradox of the German-Russian 'special relations' is that there is not a single legally binding intergovernmental agreement (IGA) between the two states to regulate, maintain or secure energy cooperation (unlike Poland that builds its energy relations with Russia based on a variety of IGAs, followed by commercial contracts). In other words, the volatility of energy markets, question of security of supplies and probable energy-related conflicts are dealt with on the inter-company level, without the state's direct interference. A minor degree of state involvement would be the inter-governmental Russian-German discussions, where controversial energy issues are tackled, but the German state does not have legal leverage over Russia.

Strategic partnership on the corporate level is driven by profit-oriented business incentives and economic lobbies. The biggest Russian partners are E.ON Ruhrgas and Wingas as these are the companies that import and transit Russian gas to Germany and other EU MSs like to France, Belgium, Switzerland, Czech Republic and the Netherlands. German E.ON Ruhrgas has the gas supply contract with Gazprom until 2035.

Cooperation is built on getting shares in energy companies and pipelines (for example, 31% of the Nord Stream pipeline belongs to E.ON and Wintershall) and resource fields

through asset swaps, like being partners in the developing Yuzhno-Russkoye, Achimov and Urengoy oil and gas fields. As Aalto and Korkmaz Temel noted:

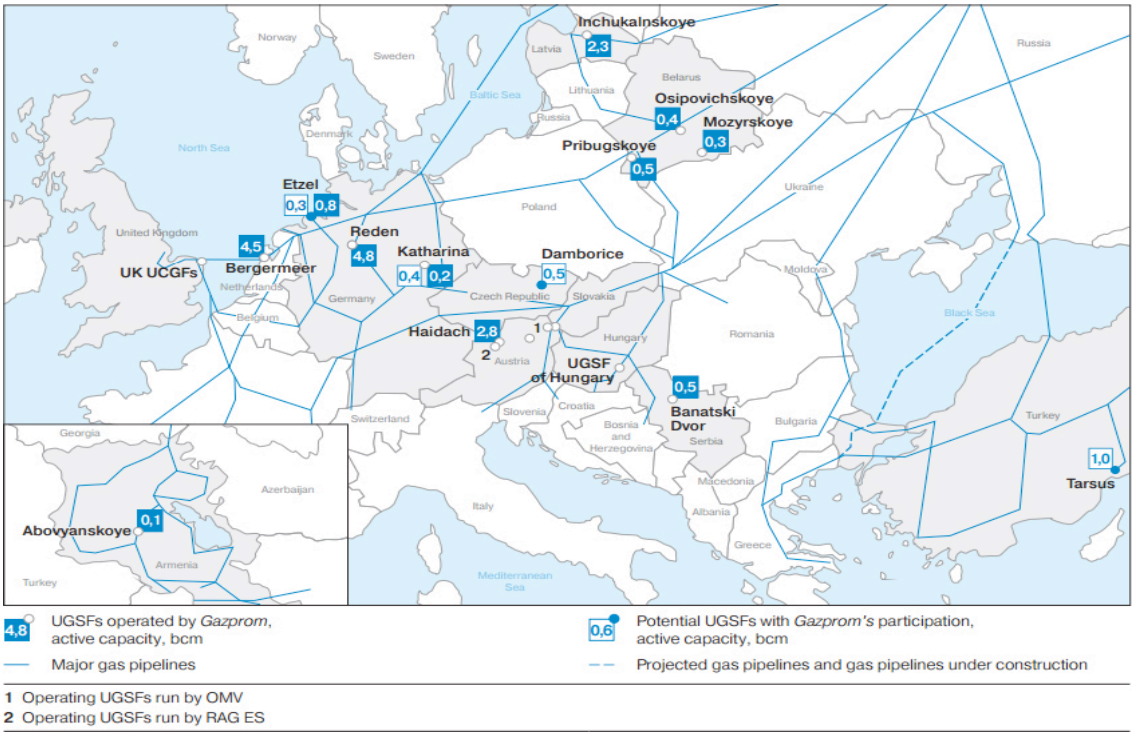
> In a swap deal, the German companies involved, E.On Ruhrgas and BASF Wintershall, ensured access to fields in western Siberia to have goods to sell to their customers; and in return E.On Ruhrgas allowed Gazprom to invest in its three Hungarian sister companies and BASF Wintershall in its domestic long-distance pipeline operator Wingas (Aalto and Korkmaz Temel, 2014: 764).

The fact that Germany participates in the Yuzhno-Russkoye oil and gas field development gives Germany additional security over Russian gas supplies from this field to Germany through the Nord Stream. According to Kupchinsky (2006) Russia is very consistent in its spreading into the German energy market, as it owns 50% of Wintershall Erdgas, 100% of Zarubezgas Erdgashandel in Germany, 50% of Wingas and WIEH. In June 2009 Gazprom signed an agreement on asset swap in natural gas production and marketing with E.ON Ruhrgas, receiving a 49% share in Gerosgaz in exchange for 25% of Severneftegazprom stakes in Russia (Gazprom website, 2009).

Around 80% of Russia's gas pipeline cooperation with Germany occurs on the basis of mutually agreed long-term take-or-pay contracts. Since E.ON Ruhrgas, operating in 30 countries, is responsible for the quantity and the price of gas, it is in E.ON's interest to maintain the affordable price for ends-users and consumers. Hitherto, the long-term contractual gas deliveries seem to have worked well for German energy companies as the energy companies managed to find mutually beneficial cooperative approaches. Remarkably, Russia eliminated the territorial restrictions of the resale of gas to other EU countries for German companies like E.ON Ruhrgas in 2005. Considering that most of the EU MSs used to have the 'destination clause' restriction until very recently (Poland until 2010), the German-Russian high levels of trust and cooperation are evident.

The general tendency of Russian-German relationship also spreads to underground cooperation – pipelines and UGS. Gazprom has shares in two key German UGS facilities - Europe's largest UGS Rehden and Katharina (see Figure 7). The importance of gas storage facilities in Germany and the whole of Europe is significantly increasing, since countries should have at least 30 days of compulsory gas supply reserves.

Figure 7: Gazprom's Operational and Prospective UGS Facilities in the EU in 2013, bcm



Source: (Gazprom website, 2013)

From Chapter 5, it became clear that Russia's access to gas pipelines, energy down-streams, UGS and other energy assets creates anxiety in the EU about over-domination of the European energy sector by a single non-EU energy player. Hence, German attitude towards Russia's expanding energy ownership is more restrained. There are very few statements made by the management boards of German industries that help to understand the companies' attitudes towards Gazprom and the Russian energy strategy. Company officials from BASF/Wintershall and a representative of the E.ON (Interview 22) assured that the majority of German energy companies feel 'safe' and 'comfortable' cooperating with Gazprom and the Russians. 'As a company Wintershall has a very positive experience with Gazprom, if the contract is signed – they will deliver' (Interview 22). Hence, the intensity of the German-Russian corporate interactions, gas delivery contracts, exchange of shares in energy companies, pipeline projects, UGS and energy reserves indicate more than the official statements. McKillop (2012) noticed, 'from upstream joint ventures, to capital raising in Russia, and downstream operations in Europe and overseas, the German corporate sector has already shifted and adapted to heavy Russian influence, sometimes dominance, across the spectrum'.

- **German Attitudes towards Rising Gas Prices**

If security of gas supplies is not an issue for Germany, then the situation with gas prices is different. Some energy analysts assert that not all the energy industries have positive perceptions of dealing with Gazprom. For instance, Gotkowska (2011) and portrays German industries[76] like E.ON, RWE or VNG as already being financially disadvantaged and indebted due to expensive gas price contracts with Gazprom. Companies such as E.ON, BASF or Wintershall are forced to cooperate with Russia and sell their profitable gas network assets to Gazprom to survive energy market restructuring (*ibid.*). Additional burdens come from the government's energy policies (Mazur, 2012). Being heavily reliant on the coal and nuclear-based production, energy industries become the unintended victims of German efficiency targets (and European as well). Similarly to the logic that was applied to the Polish case, German energy companies, whose financial sustainability affects the energy security of the country, are 'locked in' due to German energy related domestic political decisions.

Since 2010 the level of satisfaction within German energy inter-corporate relationships with Gazprom has noticeably decreased (Meister, 2014: 7). The volatility of the international energy market triggered by the inflows of cheaper LNG to the European market as a result of the US shale revolution created an oversupply of energy for the EU. Relatively high Russian pipeline gas prices were under-cut by cheaper LNG prices on the spot market. In 2010 German energy enterprises like E.ON Ruhrgas AG, EnBW and RWE AG submitted applications to the court of arbitration in attempts to adjust Gazprom's inflexible oil-indexed price formation. Eventually, in 2012 Gazprom Export reached agreements with several major customers in Europe, correlating the price of supplied gas according to changing gas market conditions in Europe. Out of all German companies Wingas GmbH and E.ON managed to get a price reduction (Mazur, 2012). Some experts, like Meister (2014) assume that even though Russia is a priority energy partner for Germany, Gazprom's inability to react on global gas price changes will eventually force German companies to find alternatives to Russian gas.

Nevertheless, it does not relate to all of the energy industries. For instance, Wintershall, treat price volatility and related disagreements rather emotionlessly, and consider price confrontations to be an 'inevitable part of normal business practice' (Interview 22). Every 2-3 years the contractual parties scrutinise the price formula to adjust it to altered international energy market conditions and have an opportunity to renegotiate it. Hitherto, by its own practical example Germany continues to demonstrate that isolating

[76] Vattenfall is the only company that does not import energy from Russia and was not affected by the nuclear phase-out inasmuch (Gotkowska, 2011).

the political level from commercial gas contract re-negotiations helps the de-politicisation of energy relations with Russia.

As opposed to Poland, which uses the EU in its gas price negotiations with Russia, Germany self-sufficiently settles their key price issues on inter-corporate level. According to German official sources (Interview 13) to a large extent it is impossible to compare the pipeline gas prices in Germany and in Poland, since the amount of imported Russian gas and the pricing principles in each country are quite different. For instance, since the price for gas in Germany is calculated in relation to competing fuels in this specific sector, the numbers can vary. Thus 'in the heating sector gas is priced in relation to gas oil, in the industrial sector mainly in relation to fuel oil and in the power sector partly to fuel oil and partly to coal', (Lohmann, 2009: 129). Such variation can explain differences in the internal gas price making of Germany.

The subordination of the German gas market to the rule of energy industries, account for economic concerns like competitiveness and gas prices that override the political grounds of Gazprom's behaviour. Since German energy industries are relatively successful in addressing gas price disagreements with Gazprom, external gas price challenges exist. As a gas consuming country, dependence on energy imports in Germany is exacerbated by the global increase of energy price due to growing competition with China and India (Federal Ministry of Economics and Technology of Germany, 2012: 49). Identifying important energy policy goals in terms of high dependence on imported energy, the Ministry of Economy emphasised rising energy prices due to the increasing energy demand and geopolitical risks in inter-state relationships as emerging concerns for Germany (Federal Ministry of Economics and Technology of Germany, 2012). However, these factors are more internationally shared insecurities, between all consumers, rather than factors that can be attributed exclusively to German energy security situation.

Therefore, this section has illustrated through interview data and a wide range of secondary data analysis that despite the changes in the political moods and perceptions under the Gerhard Schroeder's and Angela Merkel's Chancellorships the nature of German-Russian energy relationships has remained consistently cooperative, stable and more importantly prejudice-free. The inter-governmental level of energy interactions is affected and guided by mostly economy-based interests of German privately owned energy companies, based on companies' contracts, which prevent the interference of emotive discourses and politicisation. German energy industries are reasonably complacent about Russian energy supply security and Gazprom's potential as a stable energy partner. The next section complements the understanding of

energy's role in Germany's national security debate and reveals Germany's attitudes towards gas import dependence and supply disruption from Russia as the basis for constructing threats.

7.3.2. Germany's National Strategy and Country's Perceptions of the Russian Energy Threat

In the first half of the 2000s, the protection of gas supplies and energy security have only tentatively been in German focus, evolving alongside European energy security debates. Hence the priority for security of energy supplies during Angela Merkel's first term was still relatively low compared to the interest towards the nuclear debate and energy efficiency based on renewables (Duffield, 2009: 4285). Energy security was not transferred to the level of national security and was 'clearly framed in commercial rather than strategic terms' (Rohrkasten and Westphal, 2014: 50). The reasons why energy security conception was not deeply rooted in geopolitics and foreign policy stance are explained below.

In the aftermath of the first noticeable energy crisis of 2006 the first attempts were undertaken to place the security of energy supplies onto the German national security agenda. The German Government initiated a national summit in April 2006 to discuss the future of German energy policy, dealing specifically with energy efficiency and energy diversification, with attention to the nuclear debate and the perspectives of the LNG terminal remaining a top priority (Umbach, 2008). In May 2008 energy was included into the draft concept for 'A Security Strategy for Germany' developed by the parliamentary group of CDU and the Christian Social Union (CSU), which encompassed the 5 main security areas of terrorism, nuclear proliferation, energy and pipeline security, climate change and conflict prevention and resolution (CDU/CSU Parliamentary Group, 2008). Nevertheless, the initiative was criticised by mainly left-wing opposition as it suggested allowing using military forces inside Germany in case of terrorist attacks, as well as 'diminish the role of the Bundestag and to unduly centralise foreign and security policy making inside the Chancellery' (Gartzke, 2008). A large proportion of the lack of political support towards the National Strategy was grounded in historical legacies and mentioned military security issues, like the deployment of the German army at home or sending German troops to Kosovo and Afghanistan under NATO operations. Political elites aimed to avoid sending any wrong messages about physical threats, the reinforcement of German national security interests or re-establishing a strong state security identity (Interview 19), as Germany is a soft-power *par excellence*. Hitherto, Germany is one of a few EU MSs that still does

not have a traditional state-centric national security framework or normalised and codified foreign and security policy.

As a result of the rejection of the National Security Strategy, made on domestic and international political grounds, energy security was neglected as a part of the whole national security package, therefore being under-represented in broader German energy interests. Current reflection on the changing energy environment and global energy threats such as growing energy demand and import dependence, bottlenecks, resource conflicts and energy price hikes were mentioned in the draft of the National Security Strategy. German national energy security challenges like 'dependence on energy and raw materials as well as a secure supply infrastructure' presenting 'additional risk factors' (CDU/CSU Parliamentary Group, 2008: 5), which had no chance of being delivered and acted upon adequately. The advantages of the National Security Strategy could have been a comprehensive template for Germany to define country's national energy priorities and render tools for responding to future external and internal energy security challenges (e.g. possible supply disruptions or re-orientation of energy imports)[77]. Hence, with the complete rejection of such a strategy the German message was clear – the country refused to associate energy security with other foreign policy interests directed against Russia, leaving energy in the economic realm.

Despite extensive and potentially increasing import dependence on Russian fossil fuels during the 2000s, German political perceptions made no direct correlation between energy insecurity (including the fears of interrupting gas supplies) and the Russian energy threat. BMWi official sources consider possible fears of gas over-dependence on Russia to be very extreme and ungrounded as 'no country will not put itself in a more vulnerable position than it can afford' to cope with (Interview 13). BMWi in Berlin calls growing dependence on energy imports a 'phenomenon' to be dealt within the realm of normal politics rather than a 'threat' requiring extreme actions, pointing towards the central importance of 'stable, long-term ties with our energy suppliers' (The Federal Ministry of Economic Affairs and Energy of Germany, 2012: 49-50).

Unlike other EU MSs, Germany has 'complacency and undue optimism' about its energy supply security situation (Duffield, 2009: 4290). German security of energy supply is reached by a geographically diversified gas supply basket and a 'high degree of infrastructure reliability, including the diversification of supply routes and substantial storage capacity'. It is supplemented with the recently developed ability of organising gas 'reverse flow' at the borders with other countries in case of emergency (IEA, 2012:

[77] This version of the Strategy was not very different from the British or French versions.

24). Furthermore, the Federal Network Agency (2013) noted that Germany has a very high security of gas supplies according to the System Average Interruption Duration Index, calculating the average gas supply interruption time per country-consumer. This indicates the high quality of German gas networks and the reliability of underground storage capacities (*Ibid. 2013*).

Neither high import dependence nor the cases of supply interruptions from Russia in 2005-2006 significantly undermined German trust of Russian energy reliability. Goldthau (2008) assured that Germany's restrained reaction on Russian energy diplomacy in the neighbouring countries of Belarus and Ukraine during the 2000s demonstrated the lack of grounded energy threat perceptions towards Russia. The Report by the German Government on the Oil and Gas Market Strategy adopted by the Federal Government on 5 November 2008 claimed the lack of security of supply shocks. The lack of energy security fears was elaborated in the opening of this report:

> We are faced with the challenge of keeping our supply and use of energy affordable, secure and environmentally friendly in the future. Despite certain risks, the energy supply is not yet threatened. Nor is there any danger to energy security in the medium term (2008).

The same Report also reflected the lack of concerns within German energy industries, highlighting instead the stability and positive tone of energy relations with Russia: 'With gas delivery contracts lasting up to 2030 and beyond, German firms have a secure foundation for deliveries in this field. In previous years, Russia has always proved to be a reliable supplier. This partnership must be expanded further' (Federal Ministry for Economic Affairs and Energy of Germany, 2008). The idea of the Former German Chancellor Gerhard Schroeder at the Conference at Columbia University in 2007, that 'Germany never had problems with supply integrity from Russia' (Schroeder, 2007) was confirmed by similar views within the political elites (Interview 13; Interview 22). The opinions of political elites and public attitudes towards Russia's energy supply reliability mostly coincided, resulting in treating Russia in a very tolerable way. Spanger and Zagorsky (2012: 221-222) referred to the German-Russian survey of 2008 held by the Levada Center and the Institute for Allensbach about public attitudes towards Russia. According to the opinion poll, 45% of respondents in Germany perceived Russia as a country for close cooperation, and in Russia 51% of respondents were ready to regard Germany to be the first in a range of partners.

Whereas 2006 supply disruptions were treated like a matter of concern rather than an energy threat as such, the 2009 energy disruptions had a bigger impact on German

political elites' perceptions, slightly aggravating German political discourse about Russia. The survey of political elites, members of Bundestag, journalists and think-tank foreign policy experts by the German Council on Foreign Relations (DGAP) and the Centre for Discrete Mathematics and its Applications (DIMAP Group) in February 2009, revealed more critical results towards Russia and energy security. Only 8% of respondents regarded Russia as a 'reliable partner', 31% expressed opposition towards Russia and 60% view it as a self-interest led actor (2009: 12).

However, the disruptions of Russian flow through Ukraine made little difference for Germany's overall position and perceptions of energy industries about Russia, having relatively little impact on the German energy market (Antas and Gotkowska, 2009). Furthermore, the under-supplied gas volume was covered through the increased gas flow through the Yamal-Europe pipeline and other supplies from Norway. Likewise, the gas supply termination to eight EU MSs that took place in February 2012 due to overload of the Russian energy grid had little negative effect on German energy perceptions of Russia, even though it affected gas-fired power plants in the South of Germany. The termination created almost no alarmed discussion in Germany as supplies were compensated from UGS and additional supplies from Norway, the UK and the Netherlands, and good cooperation between international transmitting system operators (IEA, 2012: 24). It seems like emergency mechanisms finally started to work in the EU.

Gas supply disruptions from Russia explicated two main issues in the German case:

Firstly, the change in German attitudes towards other EU MSs, making a point in favour of expanding the pipeline interconnectedness in the EU. Germany became more wary and considerate to the concerns of other EU MSs, mainly under EU pressure for solidarity (see Section 7.2.2.).

Secondly, energy crises emphasised the necessity for modernisation of dated infrastructure grids in Russia (Goldthau, 2008: 686; Umbach, 2008), which cannot always cope with the internal and external gas demand during the peak season. The Energy Strategy of Russia for the Period of up to 2020 (2003: 4) mentioned a 'high degree of wear of the main funds (more than 50 %) and remaining shortage of investment resources in the fuel and energy sectors (except for the oil industry) and their misallocation' as threats to energy security. Gazprom's monopolistic position in Russia, unclear energy regulations, and gas price dumping through subsidising Russian domestic sector provides no incentives to invest in existing infrastructure, upstream sector and new gas fields in Russia.

Thus, for Germany, supply disruptions from Russia can be only associated with insecurities about the resource scarcity and the technological rather than political inability of Russia to fulfil its long-term supply obligations. Taking into account Russian need for energy market modernisation, Germany occupies a very strong position in this symmetrically interdependent energy relationship, as Germany is the key provider of technological innovations and experience for modernising Russia's economy, in return to stable energy import. Yet again, to deal with this sort of insecurity Germany expands technical cooperation with Russia, providing benefits for long-term energy cooperation, as opposed to politically constructing an energy threat around those issues.

Deriving from the above, German energy insecurity is not a part of the national security discourse due to Germany's historical legacies and the country's political identification as a 'civilian power'. That is why political underpinnings of factors like high energy import dependence on Russia and geopolitical possibilities of gas supply disruptions to Germany are excluded from economic conceptualisation of energy security of supply.

7.4. German Energy Identity: 'German' Europe or 'European' Germany?

As in Poland's case, Germany's perceptions of Russia form through the process of countries' interactions, during which the identity is shaped and reconstructed, consisting of the meanings which Germany attaches to the 'self' and external inter-subjective understanding by 'the other' (Wendt and Friedman, 1995; Wendt, 1999). Since the previous three sections focused on German domestic and international energy interests, this section scrutinises the formation of German energy identity in the EU.

As was highlighted in the Introduction to this chapter, the conception of German external energy identity derives from the country's very strong position in the global economic and political system. Between 2004 and 2012 Germany made efforts to reinforce its international status through improving Trans-Atlantic relationships with the US from 2005 after the Iraq war, chairing the G8 from January 2007 and hosting the G8 summit in June 2007. Likewise, on the EU level Germany actively promoted European cooperation in CFSP, and provided the impetus to re-launch the European Constitutional Treaty by coming up with the 'Berlin Declaration' in 2007, designed to revive common European spirit after the failure to sign the Constitutional Treaty [78].

[78] For more information see http://www.eu2007.de

However, the most visible economic prominence and decisiveness of German policy-making took place during the global economic recession in 2008, when Germany played the paramount role in dealing with the lasting consequences of the Eurozone crisis through financial austerity measures and recovery procedures of some of the EU MSs[79]. Germany's leadership position during the crisis in the EU was 'accepted' by the EU institutions and welcomed by the majority of EU MSs (Interview 5), even Germany's biggest critic, Poland. The Economist cited Polish Minister of Foreign Affairs Sikorski who suggested Germany should 'take over the leadership in the EU'. He stated 'I will probably be the first Polish foreign minister in history to say so, but here it is: I fear German power less than I am beginning to fear German inactivity' (E.L., 2011). Such recognition of German economic authority and decision-making power from Poland's senior officials reveals expectations and indications of trust, even from those countries that have not suffered the economic crisis as much. Admittedly, from the previous chapter, Poland's approval of Germany's financial and economic stance does not correlate with hostility towards German energy policies.

Similar influential trends in leadership can be observed in German energy policy. During 2007-2008, when the EU has been actively trying to pursue the establishment of the external energy security policy, focusing on the centralisation of the external energy competences in Brussels and having a specific focus on foreign policy (Youngs, 2009: 27), Germany managed to 'deviate' the European energy security course into environmental and energy efficiency dimensions. Thus, the country launched a range of European energy and climate change initiatives during German Presidency of the EU Council in the first half of 2007, when EU binding energy efficiency '20-20-20' targets and the Energy Action Plan aiming for the development of an external energy policy for 2007-2009, were adopted (Council of the European Union, 2007; Germany 2007- Presidency in the EU Webpage, 2007).

In addition, during German Presidency of the EU Council in 2007 the progress and founding problems of the 'Priority Interconnection Plan' that evaluates essential pipelines for EU's internal energy market were thoroughly examined under German supervision (Germany 2007- Presidency in the EU Webpage, 2007). Germany's prominent advocacy for enhancing energy security through innovations and domestic renewable energy have become the adopted energy trends for the rest of the EU for the next decades (Federal Ministry of Defence of Germany, 2006; Klinke, 2011). The earlier mentioned German controversial decision about the nuclear phase out had an

[79] For more information how the bigger-picture perspective such as the political climate, timing and circumstantial realities influence agenda setting processes and decision-making, that eventually affect the image of the country see Kingdon, J. 2003. *Agendas, Alternatives and Public Policies.* London: Longman.

'echo-effect' on energy policies in other EU MSs, putting strains on mutually shared electricity networks.

German opinion is influential when it comes to reminding the EU that the Union does not have many competences to dictate energy policies of EU MSs. Germany's authoritative voice is more likely to block or modify decisions and processes of the EU energy legislation. The influence of Germany's internal energy interest in the EU can be shown by the following examples. Firstly, according to German Permanent Representation in the EU (Interview 20), Germany asked for the 'specific wording' in the Council Conclusions in November 2011 about the competences of the MS and the EU when it comes to international bilateral agreements (Council of the European Union, 2011). The exception that empowered the EU Commission to negotiate the Trans-Caspian pipeline project 'should not be the role model for other international projects' (Interview 20). Germany opposed EU normative approach in the energy field and its attempts to generalise its energy policy towards other countries, recognising the specific context to each individual situation or energy project. Accordingly, during the negotiation of the Council Conclusions dated by 24 October 2011 under the Polish Presidency Germany reacted negatively on the suggested chapter about the energy infrastructure. The initial version of the Conclusions named priority regions with exact corridors (like Eastern corridor, South-Eastern corridor or the Mediterranean corridor), while Germany insisted on avoiding labelling energy corridors in terms of specific routes. As was admitted by the German Permanent Representation in the EU, this 'prejudged the infrastructure package with specific names' and could potentially exclude alternative energy routes (Interview 20).

The IEA started its Energy Policies of IEA Countries Review about Germany in 2007 (IEA, 2007), highlighting Germany's prominent energy position, stating:

> Only a handful of countries can have as dramatic impact on global energy policy as Germany. Its large size and strategic position within Europe give it great importance in the economic region and, by extension, the world. It is, therefore, vital that the country have sound energy policies and strong energy market design (IEA, 2007).

In the light of having one of the most liberalised, relatively de-regulated and responsive energy markets in the EU and a growing strong economy, the position of the country has become consistently more powerful and stable, attracting many foreign investors (Dhaka, 2009). German energy companies are widely represented on the EU energy

market and play a paramount role in preserving energy security of supplies (as the example of the 2009 crisis has demonstrated).

To a considerable extent, since 2004 Germany has turned into an economic locomotive, a 'hegemon' (Bulmer and Paterson, 2013) and an energy pioneer in the promotion of energy efficiency, renewable energy utilisation and climate change protection on a regional and pan-European scale. In the European Foreign Policy Scorecard (2011: 17) it was referred to as an 'emerged superpower' and a 'hegemon' within the EU with Chancellor Angela Merkel being the 'head of the one real global economy in Europe' (The Telegraph, 2011). Angela Merkel was placed by Forbes (Ewalt, 2012) in the top three of the 'world's most powerful people' in 2011 and 2012 (unsurprisingly, together with the Russian President Vladimir Putin). Occupying a rather stable and significant position within the EU, Germany consolidated its presence in EU institutions with the appointment of a German EU Commissioner for Energy Gunther Oettinger in 2010 and the appointment of a German MEP Schulz as the President of the European Parliament since January 2012.

Germany's occupying of important positions in EU institutions, heading major policy-making events in the EU and the world, and German political leadership during the euro-zone crisis, created a clichéd external image of a 'German Europe' (Westerwelle, 2012; Beck, 2013). The general phenomenon of the spread of Germany's economic, political and energy influence can be attributed to the new meaning of the aged concept of the 'Germanisation'. The 'Germanisation of Europe' resonates with the historical phenomenon of forceful imposition of German culture and language upon Poles and Czechs that has generated some negative connotations from correlating with intolerable supremacy and hegemony. However, it would be short-sighted to regard Germany's emerging leadership identity in the EU as being unconditionally and indubitably accepted, approved or supported as, in fact, it creates intrinsic contradictions in the EU. Even though German economic superiority over the rest of the EU MSs is tolerated in Brussels, its energy stance causes many contradictions, disputes and misunderstanding as not all the EU countries want to see a Germany-driven Europe.

There already exist alarms about current domination and strengthening of the German energy identity in the EU (Stern, 2008), that 'German dynamism threatened the political independence and economic well-beings of its neighbours' (Behr and Helwig, 2012: 3). Common perception about Germany in the EU, mainly among the CEE MSs, is that it plays according to its own rules, and hampers the spirit of solidarity by making individual energy deals with Russia. According to Dhaka (2009: 283) 'the wider EU

community sees Germany as straying in search of self-interest as the EU fights Russia's monopoly over natural gas supplies'. Discouraging a 'speaking in one voice approach' has become synonymous with German energy policies towards Russia, that has been actively referred to by Poland and other CEE countries. That is why antagonism against German energy actions exists in the EU, treating it as 'an advocate of Russian interests in Europe' (Adomeit, 2012: 4). Roth defined 'Germany's increasing dependence on Russia as a key obstacle against a more assertive EU policy affecting Moscow's interests in the former Soviet Union beyond the realm of energy' (Roth, 2011: 608).

As covered earlier, Germany has a reputation in Europe for having an inconsistent energy strategy and for prioritising its individual energy interests over the Union's goals (Stern, 2008). German dominance creates an imbalance in EU common policy and leads to the fragmentation of the Union, as small groups of member states tend to form regional economic alliances and coalitions to counterbalance German power (Vaisse and Kundnani, 2011: 18). Thus, calling for the 'European Germany' rather than 'German Europe', some academics regard it essential to restrain German economic and political domination in the EU and its narrow self-interests (Stern, 2008; Behr and Helwig, 2012).

The mistrust of the EU institutions towards German energy policies can derive not only from its particular energy policy-making, but from Germany's extreme over-protectiveness of its energy market. The suggestion of the EU Commission to increase the transparency among MSs and to provide energy security and internal market rules was not easily accepted in Germany. While in the making, Germany revealed some reservations about Decision No 994/2012/EU to establish the Information Exchange Mechanism in the field of energy. Some German officials, including the German Permanent Representation in Brussels, produced considerable concerns about revealing the information about previously made inter-governmental energy agreements to the European Commission, as it might uncover some commercially sensitive information of the parties involved (Interview 20). German concerns were satisfied with Article 3 of the Decision, which stated that the MS should provide the information about the IGAs only and 'that obligation shall not apply in respect of agreements between commercial entities' (European Parliament and the Council of the European Union, 2012: 15). This indicates that Germany pursues investor-oriented energy diplomacy, trying to protect companies' contractual energy interests.

Noteworthy it proved hard for the IEA to find reliable data and factual information about German gas contracts and energy flows (IEA, 2007) as there is no consistent German

gas market national data base. Despite the fact that Germany's grid operators are legally unbundled network from supply operations (according to the Energy Industry Act, which entered into force in July 2005) and should release information about supplies under certain circumstances, only information about transit contracts of gas flow from Norway through Germany to Italy was available to public access in 2007 (IEA, 2007). One of the reasons for this is that 'physical swaps often occur in Germany, meaning that the gas does not always flow physically along the contractual path' (*ibid.*: 96) and contracts often are 'not for a specific volume but for the buyer's total demand' (Lohmann, 2006: 20). Such gas-to-gas competition makes it difficult for the EU to monitor the exact gas supply volumes passing through the trading hubs, undermining the transparency of these gas trading hubs.

This situation implies uncertainty, as Germany is a large energy consumer in the EU. The protective approach can explain Germany's opposition and criticism towards the Commission's proposal to implement the Information Exchange Mechanism, releasing information about agreements with third countries (Interview 20). The consequent vicious circle triggers trepidations within the EU (especially the EU Commission) towards Germany: by wanting to provide security for investors and gas trade parties, Germany creates security concerns at the EU bureaucratic and regulatory level, fragmenting EU energy policy (Oettinger 2011). In this respect the gas supply situation is more predictable and known in Poland, as wholesale trade is organised through long-term bilateral agreements, and there is no gas trading on exchanges or through hubs yet.

In contrast to the external European perceptions of dominating German interests and energy identity, Germany's national identity has been characterised by the ambiguity of its strategic foreign policy interests after the long-term historical loss of political weight (Mey, 2004: 68). Germany's self-identity is limited to being strictly a civilian power (Maull, 2006: 1; Federal Ministry of Defence of Germany, 2006) or as Katzenstein calls it 'a teamed power' (1996), assuring stable and 'conflict-free existence' with other countries (Mey, 2004: 68). Hitherto, the country uses trade soft-power means to tackle security and economic threats, and strongly determines its image in Europe. German senior energy expert from the influential German think-tank DGAP, emphasised that 'Germany is at first an economic power, and our political elites are socialised in that' (Interview 19).

German officials do not aspire to have a dominant position and be the central political authority in Europe, but rather prefer being a vigorous economic member in the EU and multilateral society in general. This idea of multilateral German identity as a foreign

policy actor is both a guide for action and causal set of beliefs. Rejecting the idea of German domination in Europe, the former Foreign Minister of Germany Guido Westerwelle in his interview with Der Spiegel in 2012, emphasised the lack of desire to create a German Europe, but instead a European Germany (Westerwelle, 2012). In the interviews with the author, German political elites also rejected the internal identity of Germany being only a self-interest seeking actor, trying to dominate energy decision-making in the EU (Interview 18; Interview 19; interview 21). Reluctance about taking the lead in energy external relations of the EU was underlined in historical terms by experts from DGAP (Interview 19) and within the Energy Department in BMWi during interviews with the author (Interview 13).

For Russia, Germany has always been the main partner, importer of gas in the EU and final consumer. The completion of the Nord Stream reinforced Germany's position as the 'transiting state' or unofficial re-distributor for Russian gas to other EU MSs, via the interconnectors. According to Meister (2014: 4), 'Gazprom is trying to develop Germany as the northern hub for its export infrastructure to other EU member states'. This idea was largely advocated by Vladimir Putin since 2006 (Socor, 2014). Deriving from the opinions of the interviewees, Russia encourages Germany to be a 'mediator in gas supplies' in the EU-Russia Energy Dialogue (Interview 13; Interview 18). Hence, Germany resists the idea of being the main gas re-distributor. The Official source from the Energy Department in BMWi was quite explicit about the reluctance of Germany to be 'the energy hub of Europe' by claiming 'We don't mind gas being transported through us but we do not need being a key decision-maker in this area' (Interview 13).

Undeniably, being a leader or even an intermediary of EU external energy policy imposes enormous responsibility that in the case of a supply failure from Russia, Germany can be easily blamed for. German unwillingness to be a 'scapegoat' due to the ineffectiveness of the EU energy market and poor pan-European responsiveness to external energy challenges is understandable. At the same time, it appears to be a vicious circle as the energy competences of the EU institutional levels are very restricted by the shared energy competences with the EU MSs. Behr and Helwig (2012) explain German reluctance for being the 'European leader' through its weakness and insecurities. The authors list numerous structural explanations for this, such as 'Germany's post-war institutions, strategic culture and economic principles' and Angela Merkel's short-term problem-solving approach that does not encompass the EU's vision, including energy policies (Behr and Helwig, 2012: 11). Hence, calling it a weakness as such does not match with German actual presence on the EU arena, instead those can be the constraining factors of German foreign and energy policy.

In summary, there are discrepancies between the internal and external perceptions of Germany's energy role in Europe. The external perceptions of Germany were of overly pronounced and self-centred energy interests, and domination of energy policies in the EU, resulting in it being perceived as the ultimate driver for energy efficiency policy and the unofficial leader in EU decision-making. Germany felt rather confident in pursuing unilateral energy policies and having multi-dimensional bilateral energy relations with Russia, which often went against the emerging EU energy security values and collective approaches of dealing with external energy threats, creating a conflict of energy interests in the EU, and undermining cohesion in EU energy actorness.

7.5. Conclusion

Similar to Poland's case study analysis, the German case study r identified a variety of reasons for Germany's energy insecurity, which originate from the following dimensions: the domestic structure of German energy market; the EU energy solidarity and gas market liberalisation programme; and energy relations with Russia. However, unlike with the Polish case, German energy security policy is underpinned by economic guiding principles, which are not undermined by politicisation of energy security and political constructions of threats, hence have their own challenges.

The first guiding principle is the belief that the foreign policy and political level should be insulated from gas business relations and the energy market. This persuasion comes not only from historical legacies of Germany during the last century of being a 'civilian power', but also from the pre-existent structure of Germany's energy market. The analysis of the industry-operated energy market in Germany indicated that Germany considers its energy companies as providers of energy security of supply. Despite being de-regulated and compliant with the liberalisation packages of the EU, the German market is organised according to private profit-oriented and business-minded interests of energy giants that are obliged to maintain the security of gas supplies. Thus if the increase of energy supplies and energy cooperation with Russia was regarded as economically viable, Germany facilitated the construction of the Nord Stream pipeline, without being undermined by the political constructions of threats of increasing energy dependence or the possibility of supply disruptions. Building German energy relationships with other countries on the basis of inter-company contracts rather than IGAs facilitated by the state, helps to avoid politicisation and unnecessary political involvement in energy relations.

However, even though energy industries are in control of organising their gas trading relationships and maintaining energy security of supplies, it is the Federal Government that imposes nuclear phase-out and renewable usage goals on the companies. Thus, the concerns about having structural energy challenges and negative externalities of the domestic decision-making in Germany are not necessarily generated externally, but also domestically.

The second guiding principle of German energy security is the priority of its national energy interests, followed by the European community principle. While the EU adheres to the logic of energy security defined as non-Russian energy supply diversification of routes and sources, Germany diversifies its domestic energy resources into different types. The country has taken many significant steps to restructure Germany's domestic energy portfolio by reducing coal usage, a nuclear exit, and actively utilising renewables in energy production. However, any major restructuring of the energy sector is not risk-free, but comes with a variety of negative externalities for environment, local energy companies, the public sector and business investors. Germany has not chosen the easiest and the shortest way to enhance its energy security in developing its national energy mix differently from other EU MSs, which in itself is an indication of decisiveness and putting national interests first.

While the EU aims to commit other EU MSs to the mutually shared internal principle of energy solidarity in the process of gas market opening and liberalisation, the above European energy priorities are only formally accepted and acted upon in Germany. The country resists being 'locked in' between European ideas of diversification of non-Russian routes and sources and the EU binding '20-20-20' environmental targets (a large part of which was contributed by Germany itself). Hence, German political elites struggle to fully comprehend the idea of European solidarity in both internal and external energy domains, taking full advantage of the energy sovereignties of the EU MSs engraved in the Lisbon Treaty.

The last guiding principle is that energy threat perceptions are not dictated by high import dependence on the Russian gas or fears of its unpredictable energy supply disruptions from Russia as a political actor. Instead, Germany's threat perceptions are more technical and economic in nature, based on slow energy market modernisation in Russia and the influence of external energy constraining environment and international energy price hikes. To minimise its energy supply risks, Germany increases their interdependence by asset swap policies and building new pipelines, builds a reliable strategic partnership with Russia on company and state levels, and engages the key supplier politically and economically, rather than isolating on politically constructed

grounds. Germany is involved in deepening and widening its 'strategic partnership' with Russia on various levels, building interaction on business principles and economic interests, which are segregated from the foreign policy realm. The 'side effect' of such policies is that some of the more energy vulnerable members of the EU perceive such exclusive bilateral engagement with Russia as an energy threat and a violation of solidarity and energy coherence of the EU. This brings the chapter to the logical conclusion about the nature of Germany's energy actorness and its effects.

The German case study unveiled the differences in perceptions between Germany's internal and external energy identity and mapped out certain conceptual implications. The formation of German identity as an energy actor is controversial and not prejudice free, stemming from the pre-existing material developments in this country during the last century. Being generally treated as a 'hegemon' of the EU (Bulmer and Paterson, 2013) and the post-Eurozone crisis leader, Germany transmits its pro-active and national interest driven actorness into the energy dimension, facilitating energy efficiency and having overly pronounced interests in the EU external and internal energy policies. Such perceptions exist not only inside the EU, but also in Russia, which is eager to have Germany as an energy hub of Europe and a partner that is easy to have bilateral energy deals with, bypassing the bureaucracy and legislative interference of Brussels. Hence, external perceptions seemed to contrast with the domestic German self-conceptualisation as a non-confrontational team-player in the European family, complying with the solidarity principle more in practice than on paper (as the 2009 gas crises exposed) and rejecting the idea of a 'German Europe' (Westerwelle, 2012).

Basing the analysis on the constructivist premises about mutual influence of the internal and external identities (Wendt, 1992), it was shown that external identity formation had a partial 'constitutive effect' on Germany (De Buitrago, 2012: XV)). It empowered Germany to become a 'reluctant leader' in the EU that is 'in denial about its power' (Vaisse and Kundnani, 2011: 17), but still actively using it. In this case, the external perception of German power overrides German self-identity, impacting on the country's critical self-reflection and affecting German behaviour (Wendt, 1992; 1999; Hopf, 2002). As a result, energy self-conceptualisation of German actorness presents a controversy between a desire to unanimously pursue its individual energy interests, have bilateral deals with Russia and being a leader, and at the same time be a neighbour-oriented team player to other EU MSs, which is not burdened by the responsibility of sole energy decision maker. Thus, regardless of what states make of their own identity, external factors and external identity have an inevitable causal effect on self-conceptualisation.

However, Germany's external energy identity is often viewed by some EU MSs as dominating and threatening, producing a variety of negative perceptions related to violating commonly shared attempts for energy security. Not always can its energy policies deliver a positive and mutually beneficial result for all the EU MSs concerned (as the case of the Nord Stream illustrated, when Poland was left out of the project that undermined its energy security). Under pressure from the CEE countries, voices from the EU Commission and other EU Institutions raise the question about a more constrained German individualism and deeper subordination to commonly shared European energy interests and solidarity.

The mismatch of the internal and external energy identity of Germany not only allowed explanation of why Germany's energy interests are perceived differently in Germany than in the rest of the EU. It also affected EU-Russia energy relations in the broader sense, by compromising European attempts to deal with external energy challenges as a united front. Therefore, the chapter concludes that for other EU MSs, like Poland, Germany's self-driven and independent energy actorness undermines trust and creates a threatening environment, compared to when Germany is solidarity-driven and considerate actor. The example with the Nord Stream illustrates that Germany exposed Poland to an unnecessary vulnerable situation, where Russia can exploit Poland's dependence in their favour. Furthermore the nuclear phase-out put additional tension on Polish electricity networks that are connected with other EU countries. On the other hand, having a positive history of energy relations with Russia and acting as a leader and a driving force on behalf of the EU, Germany facilitates a threat-free environment, contributing to treating Russia as a strategic partner and a 'friend' (Wendt, 1999: 259-266) and diminishing the existing energy tensions within the EU as a whole.

As a result of the conducted research, there is plentiful evidence that Germany, is more successful in building pragmatic energy relations and strategic partnership with its key gas supplier than Poland or the EU in general. Thus, through building a threat-free environment in relations with Russia (not even being secured with the IGAs but business contracts), Germany managed to secure its gas supply position in a more stable and effective way than the EU. The analysis provides an answer to the third research sub-question about the role of German identity as an energy actor on threat perceptions within the EU and in relations with Russia.

Chapter 8. Conclusions

The research illustrated that energy security and the nature of related threat perceptions are still largely underexplored in the security studies literature, and even less so in constructivist approaches to IR. Predicating on selected realist tenets and the Copenhagen School of Security Studies, European threat perceptions were analysed mainly through the lenses of constructivism. Through utilising the ideational dimension of interests and identities and the previous history of inter-state energy interactions as determinants of state behaviour and ingredients for the creation of energy threats, the thesis was able to disclose how and why the energy threat perceptions towards Russia were constructed.

This final chapter aims to summarise the research findings and particular aspects of the key thesis arguments through revisiting the research questions. The main research findings are closely related to initial observations, which facilitated the analysis of the EU-Russia energy security topic. However, the initial observations that EU-Russia energy relations are undermined by inherent energy confrontations and threat perceptions of the EU and its MSs, which are externally posed by Russian assertive foreign energy policy and EU's high import dependence, proved to be incomplete and over-simplified. Therefore, linking the research questions with the key findings of this thesis will not only adjust the initial research assumptions, but will provide a conceptual contribution to a more intricate understanding of the EU-Russia energy security relationships and advance the debate on threat perceptions through problematising their constructed nature. In addition, this section will re-emphasise the theoretical value and original contribution of the research findings, finishing with delineating the opportunities for future research agenda.

8.1. Key Research Findings and Revisiting the Research Questions

The outline of this thesis was structured around broad themes, representing one primary and three secondary research questions, which were posed in the Introduction within Chapter 1. In brief, the analysis was focused on comprehending the differences in threat perceptions and energy security threats among the EU MSs and their implications for EU energy security policy and relations with Russia (in response to the primary research question). In order to answer it, the thesis had to investigate (in response to the three secondary research questions):

1) Why Russia has been perceived as a concern for European energy security by looking at the main factors contributing to the impasse in EU-Russia energy relations between 2004 and 2012;

2) Under which circumstances Germany and Poland perceived Russia as an energy threat by exploring the conditions and origins of their domestic perception-based energy policies and their bilateral interactions with Russia;

3) In what way Germany's and Poland's perceptions of energy security had an adverse impact on EU energy actorness and its gas relations with Russia by analysing energy identities of those two cases.

As a part of understanding the existence of variations in meanings that Poland and Germany attach to energy security and threats (posed by the primary research question), the thesis had to address the importance of external conditions (such as geographic location and geopolitical disposition, national identity and sovereign interests, energy source endowment, material energy dependence, and Russian energy supply and price politics) and pre-existent historical legacies of interactions with Russia in energy and foreign-policy arenas. They provide essential material foundations and explain the basic causes for differences in perception-driven behaviour, and largely complement socially constructed and often politicised grounds for countries' threat perceptions (which was the main focus of this research).

In providing an answer to the first research sub-question, the analysis of Russia's strong energy foreign policy stance and its superpower energy identity, and weak and incoherent EU energy actorness and conflicting positions between Russia and the EU about a range of issues (like gas supply security, asymmetric energy interdependence, EU energy supply diversification and EU energy market restructuring), explicated three key undermining factors in EU-Russia energy relations. The thesis argued that it is not only Russian energy behaviour (which does not have to be direct or intentional against the EU MSs to pose an energy threat, as the example with gas supply disruptions of 2006 and 2009 demonstrated), and self-explanatory EU-Russia differences in energy market structures and approaches to energy security, that present external energy threats to European energy security. It was found that the EU's energy security is undermined by the weakness and incoherence of the EU's energy actorness in pursuing internal and external energy policies, which is largely compromised by the sovereign energy interests of its EU MSs and countries' reluctance to transfer their individual energy competences to the supranational EU level (according to the Article 194 in the Lisbon Treaty). Since the objective of this research was not to illustrate which factor is dominating the EU's threat perceptions, the thesis concludes that EU energy insecurity is as much undermined by external threats (mainly Russia's

international energy stance) as by internally-created energy vulnerabilities of the EU itself and individual member states (which modifies the first initial research observation).

The above analysis led the research project to address the second research sub-question about the role of conditions and origins of Polish and German energy insecurity in triggering threat perceptions. As with the EU, it is vital to acknowledge the impact of pre-existing external factors (high import dependence on gas supplies, natural resource endowment, alternatives for the supply diversification, etc.) and countries' previous interactions with Russia on the development of their threat perceptions. For instance, stemming from high energy import dependence in the EU MSs, it was found that the level of energy import dependence matters much less than the source of gas. High energy import dependence is not a security issue as such, unless it is a single source dependence and this source is Russia. In general, Russia's assertive energy policy approach to the transiting states, involving supply disruptions and price policies, played a determining role in the development of threat perceptions in the EU MSs.

However, the externally imposed energy insecurities have different meanings for Poland and Germany, though both are gas import dependent. Thus, for Poland energy supply security is a matter of national security, and represents an important economic and political threat associated with Russia. Based on the history of supply contract renegotiations with its main gas supplier and the examples of gas supply disruptions in 2006 and 2009, Poland's projected concerns were that Gazprom abuses its monopolistic position over the Polish energy market, pricing gas higher than it should be, and might use gas supply disruption as a tool of political pressure in cases of energy disagreements. In contrast to Polish politically-driven attitudes, for Germany energy supply threats are market-related and a matter of priority of economic interests. Germany claimed that Russia poses no physical security threat, treating volatility of gas prices as the major economic factor defining its energy uncertainties. If price and supply security depend on the political stance of Russian energy policies, then for Poland and Germany much depends on the positive mode of previous and current interactions with Russia, as one of the two key constructivist principles for analysing threat perceptions.

In addition to the Russian external factor, Poland's and Germany's threat perceptions are conditioned by the pressure to comply with the EU's evolving regulatory market changes, including the unbundling principle, promoting certain interconnectors, competitiveness and market opening and '20-20-20' environmental targets. Being bound to comply with the above provisions had a dual impact in respect of energy

security. On the one hand, the long term benefits of market opening, enhancing competition by providing third party access to pipelines, is aimed to enhance EU MSs' energy security. On the other hand, in the short run, this seemed to put additional financial and political pressure on countries' domestic energy markets, which temporarily made their energy bargaining position with Russia vulnerable due to the period of adjustment in their regulatory frameworks and the need to commensurate energy interests of various actors in Poland and Germany.

Further analysis of countries' internal factors and their impact on energy security trepidations was instigated by the constructivist premises of Hopf (2002), Checkel (2006), and Alons (2007) and derived from the analysis of EU energy actorness regarding the determining role of the EU MSs in European perception-based policies. The role of domestic structures of the EU MSs' energy markets, the nature of state-corporate relations, and energy diversification choices, should not be treated as unproblematic and undeserving of consideration in evaluating threat perceptions in Poland and Germany. Accounting for variations in the material structure and operational nature of energy market conditions in Poland and Germany, both countries responded differently to the same energy security challenges[80]. For instance, Germany's relatively independent industry-led market approach to energy security and energy relations with Russia (which are based on the commercial contracts rather than IGAs), and a more balanced diversification of the energy supply basket, produced very little political concern about the Russian energy threat. The fact that Germany managed to break through domestic resistance to a rather expensive long-term energy efficiency policy, involving the utilisation of renewables and the phasing out of nuclear energy, contributed greatly to its energy security. Whereas Poland, having a lack of political support from its authorities combined with slow and weak governmental pressure on the key energy monopolist PGNiG to develop shale gas and the enormous amount of recently found gas reserves, is bound to suffer from external energy security challenges. Poland's state-owned and state-operated domestic energy market allowed for politicisation of the energy security domain and relations with its gas supplier.

Thus in attempts to hide its energy inefficiency due to uncompetitive practices and ineffective management, Poland chooses to portray Russia as a bigger energy threat than it is, while Germany does not tend to create the same political constructions and blame Russia for energy insecurity. This leads to the second modification of the initial

[80] Such challenges as the increased gas demand for scarce gas supplies in Europe, growing import dependence on external supplies, the EU's pressure on MSs to liberalise EU MSs' energy markets under the principle of solidarity, and Russia's expanding monopolisation of its energy position and supply disruptions.

research observation about diverse energy security threat perceptions being internally socially constructed by the EU MSs themselves, often for political reasons and economic gains. As the findings revealed, regardless of having 'real' or exaggerated energy security concerns about Russia, Polish authorities and PGNiG were enabled to justify their rationale for making specific political choices. Those included making use of the EU Commission's political support during the gas contract negotiations with Gazprom in 2010, relying on EU funds to develop an LNG terminal and organising the reverse flow from Germany, which could be beneficial not only in case of emergency supply halts from Russia but could also provide additional gas supplies that will be cheaper than direct supplies from Russia. As a result, it allowed Poland to enhance its external energy security position with relatively little financial losses and minimum political obligation. Whereas Germany, having pragmatic and de-politicised gas relations with Russia, invested in internally-focused and self-sufficient energy policy through developing renewable energy sources, as well as deepening its reliance on Russian gas through the Nord Stream project and developing energy partnership with Russia on the inter-company level. Thus, the research project demonstrated that intangible threat perceptions, which evolve around both material and socially constructed conditions, trigger substantial tangible energy policy results.

Lastly, while tackling the third research sub-question about the role of Polish and German energy identities in the construction of threat perception, the thesis revealed incoherence in their internal and external energy identities. The initiated shift from a victim-like Polish energy stance to a solidarity facilitator and a proactive energy security promoter went relatively unnoticed by Germany. Regardless of the evolved mutual initiatives between Germany and Poland in 2011-2012, Germany still treats Poland as an emotive partner that manipulates its energy image, exploits its energy security vulnerability position and has a selective approach to EU energy solidarity. Whereas Poland, being influenced by collective memories and historical legacies, has apprehensions about Germany's economic strength and political weight in EU decision-making, rather than treating it as an equal player and energy security partner.

Therefore, it is argued here that generating mutually threatening identities due to divergence of energy interests and policy goals, and the lack of a shared understanding of energy security challenges, creates threats between the EU MSs. This undermines the EU's goal to build a 'security community of states', or as the European Commission referred to it in the Communication to the Council and the European Parliament (2003), an 'energy community', where the understanding of external threats are commonly shared rather than triggered by the 'in-group' members

(Buzan and Waever, 2003: 46). In attempting to achieve this goal a variance of energy interests is not beneficial, as currently the energy interests of politically weaker states with less bargaining possibilities in expressing energy priorities both inside and outside the EU (like Poland) tend to be locked in with dominating and more powerful states (like Germany).

The constructivist argument is that countries act according to the meanings they attach to energy and, thus, inter-subjectively shared interests and understandings of energy identities have transformative effects on inter-state relationships and reduce the anticipation of conflict and threat perceptions, as was confirmed by the empirical findings. German and Polish interest clashes during the early 2000s (which involved Poland's blocking the PCA renegotiations, and boycotting the Nord Stream project, Germany's initial lack of support for the Polish LNG terminal, Germany's resistance to the Energy Information Sharing Mechanism, its unilateral nuclear phase-out decision and bilateral choice of dealing with Russia) and inconsistent energy identities, prevented the EU from having a unified energy approach to Russia and compromised EU's energy solidarity. If there is no convergence of interests and acceptance of energy identities among the EU MSs, there can be no shared position on energy security on the EU supranational level. Changes in Germany's energy identity to a 'reluctant leader' with more pro-EU (rather than anti-Russia) energy priorities, and the decrease in Polish anti-Russian politicised energy discourse demonstrated evolving improvements in the relationships between Poland, Germany and Russia. Therefore, continuing to advance their energy interactions and bringing their energy interests and identities towards a common denominator will help to improve EU-Russia energy relations.

In conclusion, based on answers to the main research questions and three sub-questions, the key findings of this thesis can be summarised as follows:

The general argument of the thesis, answering the key research question, explains differences in threat perceptions and understandings of energy security among the EU MSs in terms of pre-existent material conditions and ideational factors, which have a detrimental impact on the coherence of EU energy policies towards Russia.

1. The research findings related to the first research sub-question are:

    - Energy security of the EU is impeded externally by both Russian energy identity and international energy policies and by inherent EU-Russia differences in energy markets and geopolitical positions; and internally weakened by individual EU MSs' domestic energy policies, interests and their hold on national energy sovereignties.

- EU MSs' divergent stances on external energy security, diversification policies, a common energy market and the principle of solidarity seemed to undermine the coherence of the EU's energy actorness, trigger an impasse in EU energy interactions with Russia and more importantly create unnecessary insecurities among the EU MSs.

- Intangible and politicised constructions of threat perceptions of the EU MSs are causal triggers for certain perception-based tangible energy policies, which breach the idea of European internal and external solidarity and compromise positive energy relations with Russia.

2. The research findings related to the second research sub-questions are:

- Energy security of Poland and Germany is compromised by Russian energy policies, the EU's requirements to create well-functioning common energy market, and is conditioned by countries' domestic market structures, key energy actors and inefficient market-state relationships.

- For Germany understanding of energy supply security is largely independent of the Russian foreign political factor and is economy based, whereas for Poland energy security is an integral part of the national security discourse with Russia being the key energy security de-stabiliser.

- Having no commonly shared intersubjective conceptualisation of EU energy threats between Russia, the EU and among EU MSs creates grounds for misperceptions. It allows that conceptualisation of energy security is 'what states make of it' and provides opportunities for political elites from the EU MSs to manipulate energy security threats and sublimate the economic definition of energy security of supply with politicised meaning. Thus, threat perceptions are politically constructed, subjective and a matter of a political choice, rather than an objective reality.

3. The research finding related to the third research sub-questions are:

- During 2004-2012 the formation of Poland's energy self-identity is confirmed to have dual features of a geopolitical victim and an EU's energy solidarity advocate, depending on geopolitical situation in the world, Poland's and economic circumstances and national interests at stake.

- Discrepancies between Germany's self-identification as an energy team-player in the EU and external identification as a dominating leader had transformative effect on Germany's emerging energy identity as a 'reluctant

leader' in the period under study, both within the EU, and in the EU's relations with Russia.

• The inter-subjective understanding of countries' energy security is undermined by incoherence between internal and external energy identities of Poland and Germany, which prevents convergence of interests between the EU MSs (as interests and identity are mutually constitutive). This, in turn, creates diverse threat perceptions in the EU MSs and has negative implications for the EU's common approach to Russia.

8.2. Original Contribution of the Research

Deriving from findings for the research questions in Section 8.1., the general research findings of this thesis provide grounds for presenting the original contribution of this research. The initial claim to originality, which emphasised the importance of analysing threat perceptions in the EU MSs case studies to provide enhanced understanding of EU-Russia energy security relations, will be elaborated on here based on the conclusions summarised above.

8.2.1. Empirical Contribution to Conceptual Approaches of Energy Security and Threat Perceptions

Expanding into economic, political and technological domains of IR and EU literature, the conceptualisation of energy security became all-encompassing 'catch-all' term and gained theoretical complexity, conceptual multi-dimensionality and ultimately encompassed a variety of diverse material and ideational meanings. After exploring an analytical account of energy security in the example of the EU and case studies of Poland and Germany, it was possible to argue that energy security and threat perceptions became valid concepts for analysing inter-state relationships only when:

a) contextualised in specific commonly shared external energy circumstances (like challenges with physical supply security and price security caused by Russia),

b) defined by particular international and domestic market conditions (such as asymmetric gas import dependence, growing reliance on Russian gas supply, and nature of the EU MSs' domestic energy markets), and

c) constrained by the time frame of 2004-2012 (during which a range of energy security threatening events happened).

Only after conducting the case study analysis and generating some primary data was it possible to distinguish which interpretations of energy threats are included or excluded in the list of energy security threats in Poland and Germany (see the section above). The comparative analysis of three important energy security threats in Poland and Germany (related EU's solidarity, diversification and market liberalisation policies) has not been done before in a systematic way.

The fieldwork findings indicated that energy security is more than just a simple market-based issue, but is politically constructed. Even though the European definition of energy security of supply as *'uninterrupted availability of energy sources at an affordable price*' (European Commission, 2006: 6; IEA, 2013b) is presented in clear economic terms, the political component of its meaning was utilised very differently by the EU MSs (as Section 8.1. summarised). While the majority of authors exploring EU-Russia energy interactions mention the growing level of politicisation of energy security issues (De Jong and Van der Linder, 2008; Goldthau, 2008; Romanova, 2010; Casier, 2011; Bohme, 2011), they overlooked the causes and implications of the EU MSs' different perception-based policies in presenting energy as a security issue for general European energy security and relations with Russia.

The analysis of the EU MSs' energy threat perceptions filled in the conceptual gaps in the current realism-dominated materially-based literature by exploring the political construction of energy threats by the EU MSs and by contrasting a European conception of energy security with the meanings individual EU countries attach to it (which in itself is a research contribution). For instance, having no specification about the actors and reasoning behind the 'uninterrupted' supplies – by whom, how long for and on which grounds (for instance, technological maintenance, interrupted by the supplier or disrupted because of transit countries) – or a definitive explanation of the 'affordable' price (that can vary from country to country), made the concept of energy security subjective and prone to be politically exploited and manipulated (the next Section 8.2.2. supports this contribution with related methodological observations).

Thus by specifying the meanings of 'energy security' and applying threat perception data, the thesis has made a unique contribution theoretically and empirically, which allows to take academic debates on energy security forward. Poland represents an example of the confusion of non-energy foreign policy related issues with energy security. Having a relatively secure energy position (with large internal stocks of

conventional and unconventional gas, and building the first LNG terminal), a comparably low level of general energy import dependence and having not experienced significant supply interruptions from Russia compared to other CEE countries, Poland nevertheless made a conscious choice to frame energy security related to Russia based on political grounds. By contrast Germany, which is more energy import dependent (with no LNG terminals, but with internal focus on renewable energy resources) and having no overarching understanding of energy security on the national-level, made a decision to present energy as a solely market-based issue. Therefore, threat perceptions are created as a function of images that states produce (Casier, 2011). Those case-study empirical findings provide an enhanced understanding of how countries utilise theoretical conceptualisation of energy security differently and construct their energy policies around the chosen definition. This is something that constructivism has not considered before in exploring inter-state relations in energy sector, making those findings original.

The lack of parity and commensurability in European threat identification created a situation where energy supply threats from Russia are perceived and responded to differently. The examples above provided an analytical insight on different securitisation practices in Poland and Germany as a reaction to similar energy challenges. They also affirmed the use of a constructivist theoretical framework to forward the energy security research agenda through contributing to the understanding of the nature of threats. By highlighting the subjectivity in choosing how to view energy security and energy threats, the thesis clarified the importance of the specific context, which leads to different attitudes towards threat assessments and securitisation practices.

The above insights, in turn, represent the additional novelty of the theoretical approach to energy security. It lies in clarifying and crystallising the politically constructed nature of energy security and threat perceptions as drivers for a country's particular policies, which become a powerful governmental tool to justify particular policy choices, pursue specific actions and reach certain political and economic goals. This can be applied not only to Poland and Germany, but can be analytically generalised to other EU MSs, and with due attention to specific contexts more widely generalised to any case of 'energy security'. The political reaction to energy challenges is grounded in an understanding that to galvanise particular resources something should be presented as a threat. As of yet, no one has specifically analysed the underlying motivation and reasoning behind political constructions of energy issues on the level of the individual EU MSs in detail, and very few literature sources mention variability in the origin and means of political

manipulation of energy-related threat perceptions. For instance, in the Polish case only a few scholars such as Roth (2011) and Maltby (2014) observed the effects of Polish energy interests and identity on the EU level, hence, their findings are mainly focused on the Europeanisation of Polish energy policy rather than how Polish political constructs impact its relations with other EU MSs and with Russia. Similarly the German case demonstrates an analytical vacuum about how the quest for energy efficiency overrode energy security trepidations of other EU MSs and the EU's three-fold energy policy.

In general, no systematic comparative research has been done to explore the diversity of the reactions of MSs on energy threatening situations, based on interests and identities *vis-a-vis* gas relations with Russia. The research findings about divergence of EU MSs interests provide an additional empirical contribution to the EU literature about the (in)coherence of the EU's energy actorness and its energy security policies. This is a result of having looked for evidence of incoherent European energy security policy, since my analytical model and the choice of specific case studies enabled me to do so in a novel way. The novelty of the analytical tool kit employed here could enhance opportunities for analysing other context and actor specific energy security perceptions, going beyond the EU studies. The analytical generalisation would contribute to the wider IR debates about understanding the nature and conditions of energy security inter-state relations (under the influence of non-EU structural factors). For instance, in assessing the demand side of Arabian Gulf countries with non-EU consumers the insecurities would lie in the stability of demand or new routes or energy-intensive local use of their own energy resources. This provides a broader contribution to the IR dimension of energy security and gas relations.

8.2.2. Methodological Impact on Understanding the EU Energy Security Politicisation

The interpretative case study methodology used in the thesis allowed the study of a variety of divergent perspectives on how Poland and Germany shaped the meanings of energy security threats from 2004 to 2012. The usage of primary methods of data collection, political elite interviews and document analysis, mapped out the political context and domestic energy market circumstances for threat creation. It was possible to infer from the opinions of the interviewees a clarification of diplomatic and documentary sources, exposing the meanings attached to energy threats by the state, as well as in-depth explanation of the drivers behind these perception-based policies.

The fieldwork revealed a mismatch between the documented sources and the underlying definitions about energy priorities and intentions of energy policies in the EU (which is often the case in the EU practical policy-making). The official documentation and legislative acts often diverged from the political incentives and the meanings that actors aimed to attach to the nature of the energy policies. For instance, until recently, very few EU official documents referred to energy diversification of sources and routes away from Russia, instead mentioning energy diversification as a general priority of the EU (with the exception of the European Parliament Resolution of 12 of June 2012 on Engaging in Energy Policy Cooperation with Partners Beyond our Borders: A Strategic Approach to Secure, Sustainable and Competitive Energy Supply). By contrast, the priority of moving to non-Russian sources and routes has been widely discussed during official meetings in Brussels, and in a variety of public speeches of political elites in the EU and EU MSs, and openly acknowledged by the majority of the interviewed political elites.

The same applies to the EU Third liberalisation package and the unbundling principle, which formally advances the EU's internal energy market, hence having wider external implications for Russia as an energy supplier and owner of energy industries and infrastructure in the EU. The intended attempts at 'blocking' Russia's energy domination of the EU gas market (like the examples that illustrate the impossibility of reaching consensus on the status of OPAL and NEL pipelines) are rarely publicly emphasised by EU officials, but can be easily 'read between the lines' by Russian authorities and energy analysts. The methodological approach led to findings which confirmed the key argument of the thesis about the existing politicisation of the EU energy policy-making and overly diplomatic language. It also raised theoretical implications for understanding the ambiguous and limited capacity of EU energy actorness, which is characterised by avoiding making straight-forward statements or providing clear priorities with regard to the EU's unified objectives.

In practical terms, on the one hand, a generally constructed politicised approach, and incoherent conceptualisation of European energy policy priorities, which are not officially documented or commonly agreed on by European countries (and as a result can have sublimated meanings), provide political leeway for the complex EU-machinery to adjust political moves according to the situation to improve its bargaining position with Russia. On the other hand, discrepancies between what is stated in the EU documents and what is assumed by its policy-makers (including a variety of meanings they allocate to energy security) can be characterised as 'double standards', polarising the positions of Russia and the EU on how to reach their common energy

security goals of building a successful and functioning strategic energy partnership. As a result, such reticence creates unpredictability and unnecessary tensions between the EU and Russia on the inter-subjective and diplomatic levels, leads to an impasse in the EU-Russia Energy Dialogue, impedes the progress of mutual energy security initiatives, and de-stabilises energy security for the EU and its members. The fact that bilateral German-Russian energy interactions represented a successful example of rather pragmatic, open and de-politicised relations, which led to more security, predictability and trust, should be taken on board by the EU bureaucratic apparatus and other EU MSs as a way forward.

In general, the methodological approach to the case studies and chosen methods of gathering and scrutinising information, allowed the analysis to reflect on conceptual premises of constructivist approach to energy security. It was achieved through deepening understandings about threat perceptions based on the differences in the conceptualisation of energy threats and illuminating subjective choices of each individual EU MS to politicise or de-politicise its energy relations with Russia.

8.3. The Future Research Agenda

The topic of this thesis covers a variety of complex and interconnected energy security issues and often cross-disciplinary theoretical accounts. Therefore, based on the limits and the limitations of this research (as highlighted in Section 4.4.), and the chosen constructivist focus on energy security (Section 2.2.), this section presents some practical and theoretical suggestions for future research agenda.

To begin with, this research builds on constructivist theoretical premises, deriving from a limited set of particular analytical features of realism and the Copenhagen School of Security Studies (like threats, energy security, and interests and identities). The analytical basis for this thesis was limited to exploring the constructivist account of state-actors' energy interest and identities, as determinants of behaviour and attributes for analysing threat perceptions. The natural progression of this constructivist work would be to include, firstly, a more specific and individualistic analysis of actors; and, secondly, extend analysis of countries' interests and identities into a broader normative dimension.

According to the first suggestion for further research, downsizing the state-centric constructivist approach to energy security to a range of sub-actors (such as certain political parties and groups, public structures, companies and commercial actors,

interest groups, consumers and other individuals) would allow explanation of more detailed levels of threat creation by actors that can also account for and substantially impact energy security perceptions of the country. For the purpose of driving the research beyond the scope of predominantly inter-state energy interactions between the EU, its MSs and Russia into the more social dimensions of constructivism, which deals with the decision-making and threat perceptions of individuals, more research is required to determine which inter-personal mechanisms can be used by human actors to create threats.

Secondly, bringing up normative differences of Russian and European energy policies and broader values (such as adherence to democratisation, effectiveness of institutional functions, the rule of law, legislative differences of their economic and political systems and legal approximation of the EU-Russia energy market principles that guide and determine the development of energy relations) can potentially enhance the assessment of EU-Russia energy controversies during this period. More information on the above historically-driven normative differences will establish an additional degree of accuracy to explanations of why energy interplays with Russia can become a security issue as such, and clarify the source of difficulties in collaborating on multilateral and bilateral legally binding energy frameworks with Russia.

In addition, the analysis of EU-Russia energy cooperation helped to raise important questions of whether Russia should be perceived as an 'energy superpower' or treated as a reliable and trustworthy energy partner of the EU, and why the threat of energy security is particularly visible at certain energy security junctures (such as the Nord Stream project, gas liberalisation processes, etc.). The research project has demonstrated that the differences in energy interests and identities of Russia and the EU endure from the past, carrying the burden of historical legacies that are tied up with ideational nature of stereotypes in threat perceptions. The former EU Trade Commissioner Peter Mandelson simplified the difference of Russia and EU views on energy security and the gas market in the following way: 'Unless we recognise our different perceptions of what has happened since the end of the Soviet Union we risk getting the EU-Russia relationship badly wrong' (Mandelson, 2007).

However, stemming from constructivist theoretical tenets, the situation of energy-related confrontations is not permanent due to identities and interests changing over time, having transformative effect on the EU and EU MSs energy relations with Russia. It is important to acknowledge that what is threatening to energy security today, might not be in the future, when the circumstances or the perceptions of actors alter. As the EU official sources noted, 'much in the EU-Russia energy relations is connected to

stereotypes, which can be overcome only through trust building' (Interview 1). Hence, neither trust nor threat perception is built in a day; instead these are constructed over a prolonged period of time and through repetitive positive experiences. What is more important to understand is that even if threat perceptions can be re-constructed over a period of time, that re-construction would be in an entirely different context to be accounted for in renewed analysis, which provides the rationale for a continuing energy security research programme drawing on important insights from this research.

Therefore, even though the research explores EU-Russia energy relations within the 2004-2012 time frame, a variety of internal EU processes and important international events have happened since, which impact on the dynamics of threat perceptions in EU-Russia energy relations. Thus, it is natural to extend future research investigation beyond 2012. For instance, the development of EU-Russia energy security and threat perceptions in the context of Crimea's annexation and lasting political confrontations between Russia, Ukraine and the EU (followed by the EU sanctions on financial and energy sectors of Russia) are difficult to ignore, as they deepen the conflict between the parties rather than promote trust-building. In addition, suspension of the South Stream project in 2014 by Russia, launch of the Nord Stream-2 pipeline (confrontational for some of the CEE countries), and the EU Commission's unfavourable conclusions on the 2015 anti-trust investigation against Gazprom fuels misunderstandings between the parties. The above examples negatively impact EU-Russia energy relations, illustrating through constructivist tenets how conflict can be created through historical practices over time, triggering conditions and sources for threat perception in the EU. The bigger the degree of conflict, the more states tend to defend their interests and identities (Wendt, 1992), which leads to even deeper confrontations. This opens up a whole new dimension of threat perceptions based on foreign policy and energy-related policies to be analysed. On the level of the EU internal energy market, 2014 was a deadline year to implement Third Energy Package on the domestic level for the EU MSs. Acknowledging how problematic the gas market liberalisation process during 2004-2012 period was for Germany and Poland, the analysis of EU countries' success or failure to fully comply with all the requirements after 2012 would provide a richer comprehension of perception-based policies arising at the EU MSs level and allow for conclusions on the internal development of EU energy actorness and its ability to unite its MSs under the supranational umbrella.

Finally, to draw out the wider implications of sufficiently understanding energy security and threat perceptions, the narrow focus on the nature of EU-Russia energy relations could be expanded. Going beyond the scope and the focus of this research, a cross-national study about the impact of global trends in international energy politics (like the

shale gas revolution in the US, potential major gas reserves discovered in Cyprus and Israel, or the historical drop in oil prices), and the significance of global energy players like the USA, China and India for gas supply and demand, would cast light on broader external factors with potential to affect EU-Russia relations. For instance, primary data collection revealed a potential to identify the impact of the USA's efficacy as the EU's greatest political ally on threat construction and perception of Russia. There already exist influential cross-Atlantic tendencies to treat European pipeline politics in geopolitical terms (Casier, 2011: 539; Bohme, 2011: 26). Smith (2010) and Rohrkasten and Westphal (2014) looked at role of the United States in the EU diversification and pipelines politics, and energy policy in general. The sub-text of the interviews with the political elites in Brussels and Warsaw indicated that the United States plays an important role in influencing general anti-Russian rhetoric in the EU, including energy and in the wider foreign policy realm. It was with the unofficial support of the United States that the Polish ex-Prime Minister Kazimierz Marcinkiewicz suggested the creation of an 'Energy NATO', and several bilateral meetings were held between Brussels and the US Administration, where Russia's 'negative energy influence' was discussed (Interview 9). Therefore, if the debate on EU-Russia energy relations is to be moved beyond the scope of interests and identities shaping threat perceptions between Russia and the EU (including its MSs), further research into the causal impact of political support of the EU by other IR actors as an external structural factor could provide additional insights. In conclusion, based on conceptual findings and the empirical importance of this research project that enhanced understanding of political construction of energy security threats in the EU-Russia relations, the suggested above future research agenda could potentially add theoretical value to an overarching understanding of EU energy security and the creation of energy threat perceptions in the future.

Bibliography

Aalto, P. 2008. *The EU-Russian Energy Dialogue: Europe's Future Energy Security.* Aldershot: Ashgate.

Aalto, P. 2012. *Russia's Energy Policies: National, Interregional and Global Levels.* Cheltenham: Edward Elgar.

Aalto, P. and Korkmaz Temel, D. 2014. European Energy Security: Natural Gas and the Integration Process. *Journal of Common Market Studies.* **52**(4), pp.758-774.

Adler, E. 2005. *Communitarian International Relations: The Epistemic Foundations of International Relations.* London: Routledge.

Adler, E. 2013. Constructivism and International Relations: Sources, Contributions and Debates. In: Carlsnaes, W., et al. eds. *Handbook of International Relations.* London: Sage Publications Ltd., pp.112- 144.

Adler, E. and Barnett, M. 1998. *Security Communities.* Cambridge: Cambridge University Press.

Adomeit, H. 2005. *Germany's Policy on Russia: End of the Honeymoon?* Paris: Institut Français des Relations Internationales (IFRI).

Adomeit, H. 2012. *German-Russian Relations: Balance Sheet since 2000 and Perspectives until 2025.* Paris: Institut Français des Relations Internationales (IFRI).

AGEB. 2015. *Evaluation Tables of the Energy Balance for Germany, 1990 to 2014*. Berlin: Arbeitsgemeinschaft Energiebilanzen e.V. (Working Group on Energy Balances). Available from: http://www.ag-energiebilanzen.de/10-1-Evaluation-Tables-on-the-Energy-Balance.html.

Aggestam, L. 2004. Role of Identity and Europeanization of Foreign Policy. In: Tomra, B. and Christensen, T. eds. *Rethinking European Union Foreign Policy.* Manchester: Manchester University Press.

Ahrend, N. 2005. Can Russia Break the "Resource Curse"? *Eurasian Geography and Economics.* **46**(8), pp.584-609.

Alons, G.C. 2007. Predicting a State's Foreign Policy: State Preferences between Domestic and International Constraints. *Foreign Policy Analysis.* **3**(3), pp.211-232.

Amineh, M.P. and Huang, Y. 2010. *The Globalization of Energy: China and the European Union.* Leiden: Koninklijke Brill NV.

Andersen, S.S. et al. 2016. The EU Regulatory State, Commission Leadership and External Energy Governance. In: Godzimirski, J.R. ed. *EU Leadership in Energy and Environmental Governance: Global and Local Challenges and Responses.* Basingstoke: Pelgrave Macmillan, pp.51-68.

Andrade, A.D. 2009. Interpretive Research Aiming at Theory Building: Adopting and Adapting the Case Study Design. *The Qualitative Report.* [Online]. **14**(1), pp.42-60.

Andruleit, H. et al. 2014. *Energy Study 2014: Reserves, Resources and Availability of Energy Resources.* Hannover: Federal institute for Geosciences and natural resources (BGR).

Antas, L. and Gotkowska, J. 2009. Germany and Russian-Ukranian Gas Crisis. *OSW Commentary.* [Online]. [Accessed 14 August 2011]. Available from: http://www.osw.waw.pl/en/publikacje/eastweek/2009-01-21/germany-and-russian-ukrainian-gas-conflict

Antas, L. and Loskot-Strachota, A. 2009. Germany's Gas Policy – More than just Russia. *OSW Commentary.* [Online]. [Accessed 03 December 2015]. Available from: http://www.osw.waw.pl/sites/default/files/commentary_28.pdf.

Arendt, H. 2005. *The Promise of Politics.* New York: Schocken.

Arentsen, M. and Kunneke, R. 2003. *National Reforms in European Gas.* [Online]. Oxford: Elsevier Ltd.

Asche, F. et al. 2002. European Market Integration for Gas? Volume Flexibility and Political Risk. *Energy Economics.* **24**(3), pp.249-265.

Auer, J. and Heymann, E. 2012. *Germany's Energy Turnaround: Challenging for Municipalities and Municipal Utilities.* Frankfurt am Main: Deutsche Bank AG.
Baev, P. 2008. *Russian Energy Policy and Military Power: Putin's Quest for Greatness.* Oxon: Routledge.
Baev, P. 2010. *Geopolitics, Mercantilism and Identity-Building.* Oslo: The Finnish Institute of International Affairs.
Balicki, A. 2013. What Next with the Polish Energy Package? *Contact Online.* [Online]. **8**. [Accessed 12 November 2015]. Available from: http://contact.bpcc.org.pl/issue08/energy/what-next-with-the-polish-energy-package.
Balmaceda, M. 2004. Explaining the Management of Energy Dependency in Ukraine: Possibilities and Limits of a Domestic-Centered Perspective [Online]. **79**. [Accessed 19 May 2014]. Available from: http://www.mzes.uni-mannheim.de/publications/wp/wp-79.pdf.
Balmaceda, M. 2008. *Energy Dependency, Politics and Corruption in the Former Soviet Union: Russia's Power, Oligarch's Profits and Ukraine's Missing Energy Policy, 1995-2006.* London: Routledge.
Balmaceda, M. and Rosner, K. 2006. *Belarus: Oil, Gas, Transit Pipelines and Russian Foreign Energy Policy.* London: GMB Publishing Ltd.
Balzacq, T. 2005. The Three Faces of Securitization: Political Agency, Audience and Context. *European Journal of International Relations.* **11**(2), pp.171-201.
Balzacq, T. 2011. *Securitization Theory: How Security Problems Emerge and Dissolve* Oxon: Routledge.
Baran, Z. 2007. EU Energy Security: Time to End Russian Leverage. *The Washington Quarterly.* **30**(4), pp.131-144.
Barkin, J.S. 2003. Realist Constructivism. *International Studies Review.* **5**(3), pp.325-342.
Baumann, F. 2008. Energy Security as Multidimensional Concept. *CAP Policy Analysis.* **1**.
BBC news. 2006. *Russo-German Gas Deal Irks Poland.* [Online]. [Accessed 26 April 2014]. Available from: http://news.bbc.co.uk/go/pr/fr/-/1/hi/world/europe/4961186.stm.
Beck, U. 2013. *German Europe.* Cambridge: Polity Press.
Becker, H.S. 1990. Generalizing from Case Studies. In: Eisner, E.W. and Peshkin, A. eds. *Qualitative Inquiry in Education: The Continuing Debate.* New York: Teachers College Press, pp.233-242.
Behr, T. and Helwig, N. 2012. *Constructing a German Europe: Germany's Europe Debate Revisited.* The Finnish Institute of International Affairs.
Belov, V. 2012. Historical Perceptions of Germany in Russia. In: Krumm, R., et al. eds. *Constructing Identities in Europe: German and Russian Perspectives.* Baden-Baden: Nomos Verlagsgesellschaft, pp.83-97.
Belyi, A.V. 2008. EU External Energy Policies: A Paradox of Integration. In: Orbie, J. ed. *Europe's Global Role: External Policies of the European Union.* Farnham: Ashgate Publishing Limited, pp.203-217.
Benoit, B. 2006. Berlin Clears Schroder over Guarantee to Gazprom. *Financial Times*. April, 4.
Bienczyk-Missala, A. 2016. Poland's Foreign and Security Policy: Main Directions. *UNISCI Journal.* **40**, pp.101-118.
Bohme, D. 2011. *EU-Russia Energy Relations: What Chance for Solutions? : A Focus on the Natural Gas Sector.* [Online]. Potsdam: Universitätsverlag Potsdam. Available from: http://books.google.co.uk/books?id=V_Q0cYPkZ8IC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false.
Boobbyer, P. 2000. Truth-telling, Conscience and Dissent in Late Soviet Russia: Evidence from Oral Histories. *European History Quarterly.* **30**, pp.553-585.
Booth, K. 2005. *Critical Security Studies and World Politics.* London: Lynne Rienner.

Bosacki, M. 2011. *Information of the Ministry of Foreign Affairs on the Pipeline Nord Stream.* [Online]. [Accessed 2 May 2014]. Available from: http://www.msz.gov.pl/pl/aktualnosci/wiadomosci/aktualnosc_42387.
Bouzarovski, S. and Konieczny, M. 2010. Landscapes of Paradox: Public Discourses and Policies in Poland's Relationship With the Nord Stream Pipeline. *Geopolitics.* **15**(1), pp.1-21.
Bozhilova, D. and Hashimoto, T. 2010. EU–Russia Energy Negotiations: A Choice Between Rational Self-Interest and Collective Action. *European Security.* **19**(4), pp.627-642.
BP. 2013. *BP Statistical Review of World Energy June 2013*. London. Available from: www.bp.com/statisticalreview
Braghiroli, S. and Carta, C. 2009. *An Index of Friendliness toward Russia: An Analysis of the Member States and Member of the European Parliament's Positions. .* [Online]. PEI Electronic Publications.
Bretherton, C. and Vogler, J. 2006. *The European Union As a Global Actor.* Oxon: Routledge.
Bulmer, S. and Paterson, W.E. 2013. Germany as the EU's Reluctant Hegemon? Of Economic Strength and Political Constraints. *Journal of European Public Policy.* **20**(10), pp.1387-1405.
Burnham, P. et al. 2004. *Research Methods in Politics.* Houndmills: Palgrave Macmillan.
Burr, V. 1995. *An Introduction to Social Constructionism.* London: SAGE Publications.
Butorina, O. 2013. European Union and Russia: Partnership Without Strategy. *Russian International Affairs Council.* [Online]. **2013**(07 April). Available from: http://russiancouncil.ru/en/inner/?id_4=1766#top.
Buzan, B. 1991. *People, States and Fear: An Agenda for International Security Studies in the Post-Cold War Era.* 2nd edn ed. Harvester: Hemel Hempstead.
Buzan, B. et al. 1990. *The European Security Order Recast: Scenarios for the Post-Cold War Era.* London: Pinter Publishers.
Buzan, B. and Waever, O. 2003. *Regions and Powers: The Structure of International Security.* Cambridge: Cambridge University Press.
Buzan, B. and Waever, O. 2009. Macrosecuritisation and Security Constellations: Reconsidering Scale in Securitisation Theory. *Review of International Studies.* **35**, pp.253–276.
Buzan, B. et al. 1998. *Security: A New Framework for Analysis.* Boulder: Lynne Rienner Publishers.
Buzek, J. 2011. *The Principle of Solidarity in the European Union: Challenges and Opportunities* Brugge: College of Europe.
Casier, T. 2011. The Rise of Energy to the Top of the EU-Russia Agenda: From Interdependence to Dependence? *Geopolitics.* **16**(3), pp.536-552.
CDU/CSU Parliamentary Group. 2008. *A Security Strategy for Germany.* Berlin: CDU/CSU parliamentary group.
Center for Eastern Studies. 2011. Wide Variations in Prices for Russian Gas in Europe. [Online]. [Accessed 20 May 2014]. Available from: http://www.osw.waw.pl/en/publikacje/analyses/2011-03-02/wide-variations-prices-russian-gas-europe.
Central Statistical Office of Poland. 2011. *Energy Statistics 2009, 2010.* [Online]. [Accessed 17 October 2012]. Available from: http://www.stat.gov.pl/cps/rde/xbcr/gus/icf_energy_statistics_2009-2010.pdf.
CERA. 2006. *The New Energy Security Paradigm.* Geneva: World Economic Forum in partnership with Cambridge Energy Research Associates.
Charles, C. and Mertler, C. 2002. *Introduction to Educational Research.* 4th. ed. Boston: Allyn & Bacon.
Checkel, J.T. 1998. The Constructivist Turn in International Relations Theory. *World Politics.* **50**(2), pp.324-348.

Checkel, J.T. 2006. Constructivism and EU Politics. In: Jorgensen, K.E., et al. eds. *Handbook of European Union Politics.* London: SAGE Publications Ltd., pp.57-77.

Cherp, A. and Jewell, J.T. 2011. The Three Perspectives on Energy Security: Intellectual History, Disciplinary Roots and the Potential for Integration. *Current Opinion in Environmental Sustainability.* **3**, pp.1-11.

Chester, L. 2010. Conceptualising Energy Security and Making Explicit its Polysemic Nature. *Energy Policy*. **38**(2), pp.887-895.

Christiansen , T. et al. 1999. The Social Construction of Europe. *Journal of European Public Policy.* **6**(4), pp.528-544.

Christiansen, T. et al. 2001. *The Social Construction of Europe.* London: SAGE Publications.

Churchill, W. 1913. *Speech in British Parliament* London: British Parliament.

Cienski, J. 2013. Poland's Road from Coal Destined to be Long. *Financial Times*. 25 November 2013.

Ciuta, F. 2010. Conceptual Notes on Energy Security: Total or Banal Security? *Security Dialogue.* **41**, pp.123-144.

Clingendael International Energy Programme. 2004. *Study on Energy Supply Security and Geopolitics.* The Hague: Institute for International Relations 'Clingendael'.

Closson, S. 2009. Russia's Key Customer: Europe. In: Perovic, J., et al. eds. *Russian Energy Power and Foreign Relations: Implications for Conflict and Cooperation.* Oxon: Routledge, pp.89-109.

Cohen, G. et al. 2011. Measuring Energy Security:Trends in the Diversification of Oil and NaturalGas Supplies. *IMF Working Paper.* [Online]. (WP/11/39).

Copsey, N. and Haughton, T. 2009. The Choices for Europe? National Preference Formation in Old and New Member States. *Journal of Common Market Studies.* **47**(2), pp.263-286.

Copsey, N. and Pomorska, N. 2010. Poland's Power and Influence in the European Union: The Case of its Eastern Policy. *Comparative European Politics.* **8**, pp.304-326.

Council of the European Union. 1994. *Directive 94/22/EC of the European Parliament and of the Council of 30 May 1994 on the Conditions for Granting and Using Authorizations for the Prospection, Exploration and Production of Hydrocarbons.* Brussels: Official Journal of the European Union.

Council of the European Union. 1997. *97/800/EC, ECSC, Euratom: Council and Commission Decision of 30 October 1997 on the Conclusion of the Partnership and Cooperation Agreement between the European Communities and their Member States, of the One Part, and the Russian Federation, of the Other Part.* Brussels: Official Journal of the European Communities.

Council of the European Union. 2003. *A Secure Europe in a Better World: European Security Strategy.* Brussels: Council of the European Union.

Council of the European Union. 2004. *Council Directive 2004/67/EC of 26 April 2004 Concerning Measures to Safeguard Security of Natural Gas Supply*. Brussels: Official Journal of the European Union.

Council of the European Union. 2006a. *Precidency Conclusions, 7775/1/06.* Brussels: Council of the European Union.

Council of the European Union. 2006b. *Presidency Conclusions, 16879/1/06.* Brussels: Council of the European Union.

Council of the European Union. 2007. *Presidency Conclusions, 7224/1/07.* Brussels: Council of the European Union.

Council of the European Union. 2009. *EU Declaration on the Russia/Ukraine Problem and Energy Security.* Prague.

Council of the European Union. 2010. *Joint Statement on the Partnership for Modernisation.* EU-Russia Summit in Rostov-on-Don: PRESSE 154.

Council of the European Union. 2011. *Council Conclusions on Strengthening the External Dimension of the EU Energy Policy of 24 November 2011.* Brussels.

Crescenzi, C.M. 2005. *Economic Interdependence and Conflict in World Politics.* Oxford: Lexington books.
Daase, C. 2007. International Risks and the Perils of Proactive Security Policy. In: *The 6th Pan-European International Relations Conference,*, *12-15 September 2007, Turin*.
De Buitrago, S.R. 2012. Othering in International Relations: Significance and Implications. *Portraying the Other in International Relations: Cases of Othering, Their Dynamics and the Potential for Transformation* Newcastle upon Tyne: Cambridge Scholars Publishing, pp.xiii-3.
De Haas, M. 2010. *Russia's Foreign Security Policy in the 21st Century: Putin, Medvedev and Beyond.* Oxon: Routledge.
De Jong, J. and Van der Linder, C. 2008. EU Energy Policy in a Supply-Constrained World. *European Policy Analysis.* **11**, pp.1-9.
De Micco, P. 2015. *Changing Pipelines, Shifting Strategies: Gas in South-Eastern Europe, and the Implications for Ukraine.* Brussels: European Parliament.
Dellecker, A. and Gomart, T. 2011. *Russian Energy Security and Foreign Policy.* Oxon: Routledge.
Delreux, T. 2014. EU Actorness, Cohesiveness and Effectiveness in Environmental Affairs. *Journal of European Public Policy.* **21**(7), pp. 1017-1032.
Dempsey, J. 2010. Putin Chides EU Over Energy Policies. *The New York Times*. 27 of November 2010.
Denzin, N.K. 1983. Interpretive Interactionism. In: Morgan, G. ed. *Beyond Method: Strategies for Social Research* Beverly Hills: SAGE Publications, pp.129-146.
Dergunova, N.A. 2008. The Analysis of the Contemporary Russian Gas Market. *Vestnik OGU.* [Online]. **80**, pp.88-96. [Accessed 09 April 2013]. Available from: http://vestnik.osu.ru/2008_1/15.pdf
Dessler, D. 1999. Constructivism Within a Positivist Social Science. *Review of International Studies.* **25**, pp.123–137.
DG Energy. 2011. *Energy Infrastructure: Priorities for 2020 and Beyond - A Blueprint for an Integrated European Energy Network* Luxembourg: Publications Office of the European Union.
DGAP. 2009. *Trends der Deutschen Außenpolitik Erste Außenpolitische Elitestudie.* Berlin: DGAP.
Dhaka, A. 2009. The Geopolitics of Energy Security and the Response to its Challenges by India and Germany. *Geopolitics.* **14**(2), pp.278-299.
Directorate General for Communication. 2011. *The Europeans and Energy*. Brussels: European Parliament Eurobarometer.
Duffield, J.S. 2009. Germany and Energy Security in the 2000s: Rise and Fall of a Policy Issue. *Energy Policy.* **37**, pp.4284-4292.
DW staff. 2006. *Poland Scuppers EU Talks on Russia Deal.* [Online]. [Accessed 21 November 2015]. Available from: http://www.dw.com/en/poland-scuppers-eu-talks-on-russia-deal/a-2238145.
Dyer, H. and Trombetta, M.J. 2013. *International Handbook Of Energy Security.* Cheltenham: Edward Elgar Publishing Ltd.
E.L. 2011. Sikorski: German Inaction Scarier than Germans in Action. [Online]. Available from: http://www.economist.com/blogs/easternapproaches/2011/11/polands-appeal-germany.
E.ON. 2012. *Undeground Gas Storage.* [Online]. [Accessed 10 July 2012]. Available from: http://www.eon-gas-storage.de/cps/rde/xchg/SID-83536380-3A8C38A9/eon-gas-storage/hs.xsl/2809.htm?rdeLocaleAttr=en
Eberlein, B. 2005. Regulation by Cooperation: The 'Third Way' in Making Rules for the Internal Energy Market. In: Cameron, P.e. ed. *Legal Aspects of EU Energy Regulation.* Oxford: OUP, pp.59-88.
Economic Forum. 2012. *7th Energy Forum.* [Online]. [Accessed 10 November]. Available from: http://www.forum-ekonomiczne.pl/7th-energy-forum/debate-summaries/?lang=en#.VkHG-LfhCUm.

Ellman, M. 2006. *Russia's Oil and Natural Gas: Bonanza or Curse?* London: Anthem Press.
Enerdata. 2012. *Poland will Receive EU Financial Support for Gas Interconnections* [Online]. [Accessed 10 November 2015]. Available from: http://www.enerdata.net/enerdatauk/press-and-publication/energy-news-001/poland-will-receive-eu-financial-support-gas-interconnections_15025.html.
Energy Charter Secretariat. 2007. *Putting a Price on Energy: International Pricing Mechanisms for Oil and Gas.* Brussels: Energy Charter Secretariat.
Energy Charter Treaty. 2004. *The Energy Charter Treaty and Related Documents: A Legal Framework for International Energy Cooperation*. Brussels: Energy Charter Secreteriat. Available from: http://www.encharter.org/fileadmin/user_upload/document/EN.pdf.
Epstein, C. 2013. Constructivism or the Eternal Return of Universals in International Relations. Why Returning to Language Is Vital to Prolonging the Owl's Flight. *European Journal of International Relations* **19**(3), pp.499–519
EU-Russia Energy Dialogue. 2001. *Synthesis Report.* Brussels/Moscow.
EU-Russia Energy Dialogue. 2004. *Fifth Progress Report.* Moscow/Brussels.
EU-Russia Energy Dialogue. 2009. *The Tenth Progress Report.* Moscow.
Europa. 2014. *Security of Supply of Natural Gas.* [Online]. [Accessed 20 May 2014]. Available from: http://europa.eu/legislation_summaries/other/l27047_en.htm.
European Commission. 1995. *White Paper: An Energy Policy for the European Union.* Brussels: European Commission.
European Commission. 2000. *Green Paper:Towards a European Strategy for the Security of Energy Supply, COM/2000/0769 final.* Brussels: European Commission.
European Commission. 2003. *Communication from the Commission to the Council and the European Parliament on the Development of Energy Policyfor the Enlarged European Union, its Neighbours and Partner Countries.* Brussels: European Commission.
European Commission. 2006. *Green Paper: A European Strategy for Sustainable, Competitive and Secure Energy, COM(2006) 105 final.* Brussels: European Commission.
European Commission. 2007. *Developing External Energy Policy for the EU.* [Online]. [Accessed 19 July 2014]. Available from: http://europa.eu/rapid/press-release_MEMO-07-533_en.htm.
European Commission. 2008. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions - Second Strategic Energy Review : An EU Energy Security and Solidarity Action Plan.* Brussels: European Commission.
European Commission. 2009. *Regulation of the European Parliament and the Council Concerning Measures to Safeguard Security of Gas Supply and Repealing Directive 2004/67/EC.* Brussels: Official Journal of the European Union.
European Commission. 2010. *State aid N 594/2009: Aid to Gaz-System S.A. for Gas Transmission Networks in Poland*. Unpublished.
European Commission. 2011a. *Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions On security of energy supply and international cooperation - "The EU Energy Policy: Engaging with Partners beyond Our Borders".* Brussels: European Commission.
European Commission. 2011b. *Energy 2020 — A Strategy for Competitive, Sustainable and Secure Energy.* Luxembourg: Publications Office of the European Union.
European Commission. 2011c. EU Starts Negotiations on Caspian Pipeline to Bring Gas to Europe. [Online]. **IP/11/1023**. [Accessed 14 May 2014]. Available from: http://europa.eu/rapid/press-release_IP-11-1023_en.htm.
European Commission. 2011d. *Memorandum on an Early Warning Mechanism in the Energy Sector within the Framework of the EU-Russia Energy Dialogue*.

Brussels: European Commission. Available from: http://ec.europa.eu/energy/international/russia/doc/20110224_memorandum.pdf .
European Commission. 2011e. *Poland Energy Market.* [Online]. [Accessed 5 April]. Available from: http://ec.europa.eu/energy/gas_electricity/doc/pl_energy_market_2011_en.pdf.
European Commission. 2012a. *Antitrust: Commission Opens Proceedings Against Gazprom.* [Online]. [Accessed 28 July 2014]. Available from: http://europa.eu/rapid/press-release_IP-12-937_en.htm.
European Commission. 2012b. *Energy Markets in the European Union in 2011.* Luxembourg: Publications Office of the European Union.
Energy: Country Factsheets. 2012c. [Online database]. Brussels: DG Energy.
European Commission. 2012d. *It's Time to Complete the Internal Energy Market*. Brussels: European Commission. 15 November 2012 [Accessed 03 December 2015]. Available from: http://europa.eu/rapid/press-release_IP-12-1214_en.htm.
EU Energy in Figures – Pocketbook 2013. 2013a. [Online database]. Luxembourg: Publications Office of the European Union.
European Commission. 2013b. *Member States' Energy Dependence: An Indicator-Based Assessment.* Brussels: Directorate-General for Economic and Financial Affairs.
European Commission. 2013c. *Ownership Unbundling: The Commission's Practice in Assessing the Presence of a Conflict of Interests Including in Case of Financial Investors.* European Commission.
European Commission. 2013d. State Aid: Commission Clears €465 Million Aid for Developing Polish Gas Network. *Press Release.* [Online]. **IP/13/960**. [Accessed 02 August 2014]. Available from: http://europa.eu/rapid/press-release_IP-13-960_en.htm.
TEN-E Financed Projects 1995-2013. 2013e. [Online database]. Europa.eu.
European Commission. 2014a. *Communication from the Commission to the European Parliament and the Council - "European Energy Security Strategy".* Brussels: European Commission.
European Commission. 2014b. *Member State's Energy Dependence: An Indicator-Based Assessment*. Occasional Papers. Brussels: European Commission 196.
European Commission. 2014c. *Pending Notifications of National Exemption Decisions.* Brussels: DG Energy.
European Parliament and the Council of the European Union. 1998. *Directive 98/30/EC of the European Parliament and of the Council of 22 June 1998 Concerning Common Rules for the Internal Market in Natural Gas* Brussels: Official Journal of the European Union.
European Parliament and the Council of the European Union. 2003. *Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 Concerning Common Rules for the Internal Market in Natural Gas and Repealing Directive 98/30/EC.* Brussels: Official Journal of the European Union.
European Parliament and the Council of the European Union. 2006. *Decision No 1364/2006/EC of the European Parliament and of the Council of 6 September 2006 Laying Down Guidelines for Trans-European Energy Networks and Repealing Decision 96/391/EC and Decision No 1229/2003/EC.* Brussels: Official Journal of the European Union.
European Parliament and the Council of the European Union. 2009a. *Directive 2009/28/EC of the European Parliament and of the Council on the Promotion of the Use of Energy from Renewable Sources and Amending and Subsequently Repealing Directives 2001/77/EC and 2003/30/EC.* Strasbourg: Official Journal of the European Union.
European Parliament and the Council of the European Union. 2009b. *Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 Concerning Common Rules for the Internal Market in Natural Gas and*

Repealing Directive 2003/55/EC. Brussels: Official Journal of the European Union.

European Parliament and the Council of the European Union. 2009c. *Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on Conditions for Access to the Natural Gas Transmission Networks and Repealing Regulation (EC) No 1775/2005.* Brussels: Official Journal of the European Union.

European Parliament and the Council of the European Union. 2010. *Regulation (EU) No 994/2010 of the European Parliament and the Council of 20 October 2010 Concerning Measures to Safeguard Security of Gas Supply and Repealing Council Directive 2004/67/EC* Brussles.

European Parliament and the Council of the European Union. 2012. *Decision No 994/2012/EU of the European Parliament and the Council Establishing an Information Exchange Mechanism with Regard to Intergovernmental Agreements between Member States and Third Countries in the Field of Energy.* Brussels: Official Journal of the European Union.

European Parliament Resolution. 2012. *European Parliament Resolution of on Engaging in Energy Policy Cooperation with Partners Beyond our Borders: A Strategic Approach to Secure, Sustainable and Competitive Energy Supply 2012/2029(INI).* Strasbourg: Official Journal of the European Union

European Union. 2010. *Consolidated Versions of the Treaty on the European Union and the Treaty on the Functioning of the European Union.* Luxembourg: Official Journal of the European Union.

Energy – 2012 data 2014a. [Online database]. Brussels: Eurostat Press Office.

Energy Balance Sheets 2011-2012. 2014b. [Online database]. Luxembourg: Publications Office of the European Union.

Energy Production and Imports, EU-28, 2002–2012 (%). 2014c. [Online database]. Brussels: European Commission.

Ewalt, D.M. 2012. *The World's Most Powerful People.* [Online]. [Accessed 30 June 2014]. Available from: http://www.forbes.com/sites/davidewalt/2012/12/05/the-worlds-most-powerful-people/

Favennec, J.-P. 2011. *The Geopolitics of Energy.* Paris: Editions Technip.

Federal Foreign Office of Germany. 2008. *St Petersburg: Dialogue and Consultations.* [Online]. [Accessed 03 December 2015]. Available from: http://www.auswaertiges-amt.de/EN/Aussenpolitik/RegionaleSchwerpunkte/Russland/081002-petersburg-konsultt-steinmeier.html.

Federal Foreign Office of Germany. 2012. *Russian Federation.* [Online]. [Accessed 12 December 2012]. Available from: http://www.auswaertiges-amt.de/EN/Aussenpolitik/Laender/Laenderinfos/01-Nodes/RussischeFoederation_node.html

German Energy Act 2005. Berlin: Federal Ministry of Economic Affairs and Energy of Germany.

Federal Ministry for Economic Affairs and Energy of Germany. 2008. *Report by the German Government on the Oil and Gas Market Strategy.* Berlin: Federal Ministry for Economic Affairs and Energy of Germany.

Federal Ministry for Economic Affairs and Energy of Germany. 2014. *Origin of German Gas Imports in 2007 and 2010.* [Online]. Available from: http://www.bmwi.de/BMWi/Navigation/Energie/Energietraeger/gas,did=292328.html.

Federal Ministry of Defence of Germany. 2006. *White Paper 2006 on German Security Policy and the Future of the Bundeswehr.* Berlin: Federal Ministry of Defence of Germany.

Federal Ministry of Economics and Technology of Germany. 2012. *Germany's New Energy Policy: Heading Towards 2050 with Secure, Affordable and Environmentally Sound Energy.* Berlin: Federal Ministry of Economics and Technology (BMWi).

Ferrigno, R. 2006. *Inside the German Presidency: A Guide for Business.* 12th report ed. Weber Shandwick Worldwide.
Finnemore, M. 1996. *National Interests in International Society.* Ithaca: Cornell University Press.
Finnemore, M. and Sikkink, K. 2001. Taking Stock: The Constructivist Research Program in International Relations and Comparative Politics. *Annual Review in Political Science* **4**, pp.391–416.
Flick, U. 2002. *An Introduction to Qualitative Research.* 2nd. ed. London: SAGE Publications.
Floyd, R. 2010. *Security and the Environment: Securitisation Theory and US Environmental Security Policy.* Cambridge: Cambridge University Press.
Freire, M.R. and Simao, L. 2013. The EU's Security Actorness: The Case of EUMM in Georgia. *European Security.* **22**(4), pp.464-477.
Gallie, W.B. 1956. Essentially Contested Concepts. *Proceedings of the Aristotelian Society.* **56**, pp.167-198.
Gartzke, U. 2008. A Security Strategy for Germany. [Online]. [Accessed 04 December 2015]. Available from: http://test.weeklystandard.com:8082/weblogs/TWSFP/2008/05/a_security_strategy_for_german.asp.
Gaz System. 2014. *Key Facts.* [Online]. [Accessed 01 August 2014]. Available from: http://en.gaz-system.pl/o-firmie/informacje-podstawowe/.
Gazprom. 2010. *Gazprom, PGNiG and EuRoPol GAZ Sign Long-term Agreement of Cooperation in Gas Sector.* [Online]. [Accessed 11 November]. Available from: http://www.gazprom.com/press/news/2010/january/article75614/.
Gazprom. 2012a. Annual Report. [Online]. [Accessed 14 May 2014]. Available from: http://www.gazprom.com/f/posts/60/660385/annual-report-2012-eng.pdf.
Gazprom. 2012b. *Gazprom and PGNiG Reached Gas Price Agreement*. www.gazprom.ru [Accessed 27 November 2015]. Available from: http://www.gazprom.ru/press/news/2012/november/article147708/.
Gazprom. 2012c. *Strategy.* [Online]. [Accessed 01 February 2013]. Available from: http://www.gazprom.com/about/strategy/.
Gazprom. 2013. *Europe.* [Online]. [Accessed 01 April 2013]. Available from: http://www.gazprom.com/about/marketing/europe/
Gazprom. 2014a. *Alexei Miller: Russia and China Signed the Biggest Contract in the Entire History of Gazprom.* [Online]. [Accessed 30 July 2014]. Available from: http://www.gazprom.com/press/news/2014/may/article191451/.
Gazprom. 2014b. *Factsheet on Ukraine-Gazprom Gas Relations.* [Online]. [Accessed 06 May 2014]. Available from: http://www.gazpromukrainefacts.com/ukraine-natural-gas-facts/factsheet-ukraine-gazprom-gas-relations.
Gazprom. 2014c. *Key Risk Factors: Strategic and Country-Specific Risks.* [Online]. [Accessed 21 May 2014]. Available from: http://www.gazprom.com/about/management/corporate-governance/risk-factors/.
Gazprom website. 2009. *Gazprom and E.ON Sign Asset Exchange Agreement.* [Online]. [Accessed 01 December 2015]. Available from: http://www.gazprom.com/press/news/2009/june/article64581/.
Gazprom website. 2011. *Gazprom and Bavaria sign Roadmap for Cooperation in Power Generation and Gas Supply*. Gazprom. 21 December 2011. Available from: http://www.gazprom.com/press/news/2011/december/article126224/.
Gazprom website. 2013. *Underground Gas Storage Facilities.* [Online]. [Accessed 03 December 2015]. Available from: http://www.gazprom.com/about/production/underground-storage/.
GEA. 2012. *Global Energy Assessment - Toward a Sustainable Future.* Cambridge: Cambridge University Press.
Gehring, T. et al. 2013. European Union Actorness in International Institutions: Why the EU is Recognized as an Actor in Some International Institutions, but Not in Others. *Journal of Common Market Studies.* **51**(5), pp.849–865.

George, A.L. and Bennet, A. 2005. *Case Studies and Theory Development in the Social Sciences.* Cambridge: Cambridge University Press.
German Marshall Fund. 2009. *From Blame to Responsibility: Europe's New Energy Paradigm.* [Accessed 29 November 2015]. Available from: http://www.youtube.com/watch?v=2nh9rV-tPbw.
Germany 2007- Presidency in the EU Webpage. 2007. *Energy.* [Online]. [Accessed 03 December 2015]. Available from: http://www.eu2007.de/en/Policy_Areas/Transport_Telecommunications_and_Energy/Energy.html?
Gerrits, A. 2009. *Normative Power Europe in a Changing World: A Discussion.* The Hague: Clingedael Institute of International Relations.
Gierej, M. 2009. Polish Energy Strategies.Basic Data and Analysis. In: Spruds, A. and Rostoks, T. eds. *Energy: Pulling the Baltic Sea Region Together or Apart?* Riga: Zinatne Publishers, Ltd., pp.157-190.
Goldthau, A. 2008. Rhetoric Versus Reality: Russian Threats to European Energy Supply. *Energy Policy.* **36**, pp.686-692.
Goldthau, A. and Sitter, N. 2012. The Power of Paradigms: The EU and Global Energy Policy. [Online]. Available from: http://ssrn.com/abstract=1986832
Goldthau, A. and Sitter, N. 2015a. *A Liberal Actor in a Realist World: The European Union Regulatory State and the Global Political Economy of Energy.* Oxford:: Oxford University Press.
Goldthau, A. and Sitter, N. 2015b. Soft Power with a Hard Edge: EU Policy Tools and Energy Security. *Review of International Political Economy.* **22**(5), pp.941-965.
Gorska, J.A. 2009. *Dealing with a Juggernaut: Analyzing Poland's Policy toward Russia, 1989-2009.* Plymouth: Lexington Books.
Gotkowska, J. 2011. *German-Russian Intergovernmental Consultations – Content Dominated by Form?* [Online]. [Accessed 03 December 2015]. Available from: http://www.osw.waw.pl/en/publikacje/analyses/2011-07-27/german-russian-intergovernmental-consultations-content-dominated-form.
Gotz, R. 2008. European Energy Foreign Policy and the Relationship with Russia. In: Lesourne, J. ed. *The External Energy Policy of the European Union.* Paris: IFRI, pp.43-77.
Greicevci, L. 2011. EU Actorness in International Affairs: The Case of EULEX Mission in Kosovo. *Perspectives on European Politics and Society.* **12**(3), pp.283-303.
Gullner, L. 2008. Threat or Risk? The Debate About Energy Security and Russia: Five Steps for a Scientific Research Programme. *Journal of Contemporary European Research.* **4**(2), pp.149-153.
Guzzini, S. 2007. The Concept of Power: a Constructivist Analysis. In: F., B. and Williams, M.J. eds. *Power in World Politics.* Oxon: Routeledge, pp.23-42.
Haas, E.B. 2001. Does Constructivism Subsume Neo-functionalism. In: Christiansen, T.J., et al. eds. *The Social Construction of Europe.* London: SAGE Publications.
Hadfield, A. 2008. EU-Russia Energy Relations: Aggregation and Aggravation. *Journal of Contemporary European Studies.* **16**(2), pp.231-248.
Hadfield, A. and Amkhan-Bayno, A. 2012. From Russia with Cold Feet: EU-Russia Energy Relations, and the Energy Charter Treaty. *International Journal of Energy Security and Environmental Research.* **1**, pp.1-16.
Haghighi, S. 2007. *Energy Security – The External Legal Relations of the European Union with Major Oil and Gas Supplying Countries.* Oxford: Hart Publishing.
Harrison, L. 2001. *Political Research: An Introduction.* New York: Routledge.
Hartley, J. 2004. Case Study Research. In: Cassell, C. and Symon, G. eds. *Essential Guide to Qualitative Methods in Organizational Research.* London: SAGE Publications, pp.232-334.
Hashim, S.M. 2010. Power-Loss or Power-Transition? Assessing the Limits of Using the Energy Sector in Reviving Russia's Geopolitical Stature. *Communist and Post-Communist Studies.* **43**(3), pp.263-274.
Hayek, F. 2001. *The Road to Serfdom.* 2nd. ed. London: Routledge

Hebel, K. and Lenz, T. 2016. The Identity/Policy Nexus in European Foreign Policy. *Journal of European Public Policy.* **23**(4), pp.473-491.
Helm, D. 2006. Russia, Germany and European Energy Policy. *Open Democracy.*
Henderson, J. and Heather, P. 2012. Lessons from the February 2012 European Gas 'Crisis'. *Oxford Energy Comment.* [Online]. [Accessed 21 May 2014]. Available from: http://www.oxfordenergy.org/wpcms/wp-content/uploads/2012/04/Lessons-from-the-February-2012-gas-crisis.pdf.
Henry, F.-L. 2010. *Europe's Gas Supply Security: Rating Source Country Risk.* Brussels: CEPS.
Hertz, J.H. 1951. *Political Realism and Political Idealism.* Chicago: University of Chicago Press.
Hill, F. 2004. *Energy Empire: Oil, Gas and Russia's Revival.* London: The Foreign Policy Centre.
Hobohm, J. 2009. National Energy Strategies in the Baltic Sea Region: Unilateralism or Solidarity? The German Case. In: Spruds, A. and Rostoks, T. eds. *Energy: Pulling the Baltic Sea Region Together or Apart?* Riga: Zinatne Publishers, Ltd.
Hockenos, P. 2012. *Germany's Stalled Energy Transition: Waiting for the Master Plan.* [Online]. [Accessed 4 February 2013]. Available from: http://www.europeanenergyreview.eu/site/pagina.php?id=3655.
Hook, D. 2001. Discourse, Knowledge, Materiality, History : Foucault and Discourse Analysis. [Online].
Hopf, T. 2002. *Social Construction of International Politics: Identities & Foreign Policies, Moscow, 1955 &1959.* Ithaca: Cornell University Press.
Howorth, J.M. 2010. The EU as a Global Actor: Grand Strategy for a Global Grand Bargain? *Journal of Common Market Studies.* **48**(3), pp.455-474.
ICIS. 2007. *Polish Distribution Unbundling Leaves PGNiG Untouched.* [Online]. [Accessed 03 July 2014]. Available from: http://www.icis.com/heren/articles/2007/07/17/9297663/polish-distribution-unbundling-leaves-pgnig-untouched-.html#.
IEA. 2002. *Energy Policies of IAE Countries, Germany Review 2002.* Paris: OECD/IEA.
IEA. 2007. *Energy Policies of IEA Countries, Germany Review 2007.* Paris: OECD/IEA.
IEA. 2010. *World Energy Outlook 2010.* Paris.
IEA. 2011a. *Oil and Gas Security: Emergency Response of IEA Countries, Poland.* Paris: OECD/IEA.
IEA. 2011b. *World Energy Outlook 2011.* Paris: OECD/IEA.
IEA. 2012. *Oil and Gas Security: Emergency Response of IEA Countries, Germany.* Paris: OECD/IEA.
IEA. 2013a. *Energy Policies of IEA Countries: Germany 2013 Review.* Paris: OECD/IEA.
IEA. 2013b. *Energy Security.* [Online]. [Accessed February 11 2011]. Available from: http://iea.org/topics/energysecurity/.
Jervis, R. 1976. *Perception and Misperception in International Politics.* New Jersey: Princeton University Press.
Jervis, R. 1978. Cooperation under the Security Dilemma. *World Politics.* **30**(2), pp.167–174.
Jewell, J. and Cherp, A. 2014. The concept of energy security: Beyond the four As. *Energy Policy.* **75**, pp.415-421.
Jupille, J. and Caporaso, J.A. 1998. States, Agency, and Rules: The European Union in Global Environmental Politics. In: Rhodes, C. ed. *The European Union in the World Community.* London: Lynne Rienner Publishers, Inc., pp.213-231.
Jupille, J. et al. 2003. Intergration Institutions: Rationalism, Constructivism, and the Study of the European Union. *Comparative Political Studies.* **36**(1/2), p7.
Kanter, J. 2012. Gazprom Objects to European Antitrust Inquiry. *The New York Times*.
Kasa, E. and Lada, A. 2010. What Policy towards Russia? The Polish and German Points of View. *The Institute of Public Affairs, Analyses and Opinions.* **14**(113).

Katzenstein, P.J. 1996. *The Culture of National Security:Norms and Identity in World Politics.* New York: Columbia University Press.
Keohane, R.O. and Nye, J.S. 2001. *Power and Interdependence.* 3th ed ed. London: Longman.
Keukeleire, S. and MacNaughtan, J. 2008. *The Foreign Policy of the European Union.* Basingstoke: Palgrave Macmillan.
Kingdon, J. 2003. *Agendas, Alternatives and Public Policies.* London: Longman.
Kirchner, E. and Berk, C. 2010. European Energy Security Co-operation: Between Amity and Enmity. *Journal of Common Market Studies.* **48**(4), pp.859–880.
Kitchen, N. 2010. Systemic Pressures and Domestic Ideas: A Neoclassical Realist Model of Grand Strategy Formation. *Review of International Studies.* **36**(1), pp.117-143.
Klare, M. 2008. *Rising Powers Shrinking Planet, the New Geopolitics of Energy.* New York: Metropolitan Books.
Klein, H.K. and Myers, M.D. 1999. A Set of Principles for Conducting and Evaluating Interpretative Field Studies in Information Systems. *Management Information Systems Quarterly.* **23**(1), pp.67-88.
Klinke, I. 2011. Geopolitics in Germany – the Return of the Living Dead? *Geopolitics.* **16**(3), pp.707-726.
Klotz, A. and Lynch, C. 2007. *Strategies for Research in Constructivist International Relations.* London: M.E. Sharpe, Inc.
Komlev, S. 2011. *The European Gas Pricing Model: A Choice to be Made. A View from Gazprom. Speech at the European Cross-Border Trading Forum.* Amsterdam: www.gazpromexport.ru
Komlev, S. 2012. *European Gas Market Reforms Undermine Security of Supply.* [Online]. [Accessed 09 September 2012]. Available from: http://www.europeanenergyreview.eu/site/pagina.php?id_mailing=273&toegang=4734ba6f3de83d861c3176a6273cac6d&id=3686.
Konoplyanik, A. 2009. A Common Russia–EU Energy Space: The New EU–Russia Partnership Agreement, Acquis Communautaire and the Energy Charter. *Journal of Energy and Natural Resources Law.* **27**(2), pp.258-291.
Konoplyanik, A. 2012. *Acute Problems of Energy Markets.* [Accessed 23 March 2013]. Available from: https://www.youtube.com/watch?v=tRtzLxAUFaw.
Koszel, B. 2007. Polish-German Relations and European Security. In: Goralski, W.M. ed. *Poland-Germany 1945-2007: From Confrontation to Cooperation and Partnership in Europe : Studies and Documents*. Warsaw: Polski Instytut Spraw Międzynarodowych (PISM).
Kratochvil, P. et al. 2011. The EU as a 'Framing Actor': Reflections on Media Debates about EU Foreign Policy. *Journal of Common Market Studies.* **49**(2), pp.391-412.
Kratochwil, F. 1993. The Embarrassment of Changes: Neo-Realism as the Science of Realpolitik Without Politics. *Review of International Studies.* **19**(1), pp.63-80.
Krok-Paszkowska, A. and Zielonka, J. 2005. *The European Union's Policies Toward Russia, in Russia's Engagement With the West: Transformation And Integration in the Twenty-first Century.* New York: M.E. Sharpe.
Kulczynski, D.W. 2014. *Planning for a Nuclear Poland.* [Online]. [Accessed 17 June 2015]. Available from: http://www.world-nuclear.org/info/Country-Profiles/Countries-O-S/Poland/.
Kupchinsky, R. 2006. Russia: Tightening The Screws With Gazprom. *GazpromStock.* [Online]. **2010**(24 April). Available from: http://www.gazpromstock.com/2006/11/page/3/
Kupchinsky, R. 2009. Medvedev Proposes a New "Energy Balance" in Europe. [Online]. **6**(81). Available from: http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=34911%20)%20and%20http://www.youtube.com/watch?v=z2XCzxiSHjo#.Vh-TVPlVhBc.

Kuzemko, C. 2014. Ideas, Power and Change: Explaining EU–Russia Energy Relations. *Journal of European Public Policy.* **21**(1), pp.58-75.
Kuzemko, C. et al. 2012. *Dynamics of Energy Governance in Europe and Russia.* Houndmills Basingstoke: Pelgrave MacMillan.
Lang, M. 2012. Federal Cabinet Adopts Bill on Market Transparency Agency for Gas and Electricity Wholesale Market. *German Energy Blog.* [Online].
Larsen, H. 2014. The EU as a Normative Power and the Research on External Perceptions: The Missing Link. *Journal of Common Market Studies.* **52**(4), pp.896–910.
Larsson, R.L. 2006. *Russia's Energy Policy: Security Dimensions and Russia's Reliability as an Energy Supplier.* Stockholm: Swedish Defence Research Agency (FOI).
Larsson, R.L. 2007a. *Nord Stream, Sweden and Baltic Sea Security.* [Online]. Stockholm: FOI Defence Research Agency.
Larsson, R.L. 2007b. *Tackling Dependency: The EU and its Energy Security Challenges.* [Online]. Stockholm.
Larsson, R.L. 2008. *Energikontroll: Kreml, Gazprom Och Rysk Energipolitik (Energy Control: Kremlin, Gazprom and Russian Energy Policy).* Stockholm: Swedish Defence Research Agency (FOI).
Legro, J.W. and Moravcsik, A. 1999. Is Anybody Still a Realist? *International Security.* **24**(2), pp.5-55.
Leonard, M. and Popescu, N. 2007. *A Power Audit of EU-Russia Relations.* London: The European Council on Foreign Relations.
Lincoln, Y. and Guba, E. 1985. *Naturalistic Inquiry.* Beverly Hills: Sage.
Lobell, S.E. 2009. Threat Assessment, the State and Foreign Policy: a Neoclassical Realist Model. In: Lobell, S.E., Ripsman, N.M. and Taliaferro, J.F. ed. *Neoclassical Realism, the State, and Foreign Policy.* Cambridge: Cambridge University Press, pp.42-74.
Lohmann, H. 2006. The German Path to Natural Gas Liberalisation: Is It a Special Case? [Online]. **NG14**. Available from: http://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/NG14-TheGermanPathToLiberalisationIsItASpecialCase-HeikoLohmann-2006.pdf.
Lohmann, H. 2009. The German Gas Market post 2005: Development of Real Competition. [Online]. **NG 33**. [Accessed 24 November 2015]. Available from: http://www.oxfordenergy.org/wpcms/wp-content/uploads/2010/11/NG33-ThegermangasMarketPost2005DveleopmentofRealCompetition-HeikoLohmann-2009.pdf.
Longhurst, K.A. and Zaborowski, M. 2007. *The New Atlanticist: Poland's Foreign and Security Priorities.* Oxford: Blackwell Publishing.
Lucas, E. 2008. *The New Cold War: Putin's Russia and the Threat to the West.* New York: Palgrave Macmillan.
Lucas, E. 2012. *The New Cold War: How the Kremlin Menaces both Russia and the West.* London: Bloomsbury Publishing.
Malhotra, H.B. 2007. Russia's Gazprom Divides and Conquers: Gas Giant Muscles its Way Past the EU to Become Key Player. *The Epoch Time*. January 15 – 21, 2007.
Maltby, T. 2013. European Union Energy Policy Integration: A Case of European Commission Policy Entrepreneurship and Increasing Supranationalism. *Energy Policy.* **55**, pp.435–444.
Maltby, T. 2014. *European Energy Security Policymaking in the Context of EU Enlargement: The Role of Newer Member States as Agenda-Setters, 2004-2013*. Doctor of Philosophy thesis, The University of Manchester.
Mandelson, P. 2007. *Russia and the EU.* Brussels: European Commission, DG Trade.
Mankoff, J. 2009. *Eurasian Energy Security.*
Manners, I. 2002. Normative Power Europe: A Contradiction in Terms? *Journal of Common Market Studies.* **40**(2), pp.235–258.

March, J.G. 1994. *Primer on Decision Making: How Decisions Happen.* New York: Free Press.
Marcinkiewicz, K. 2006. *Europe's Energy Musketeers Must Stand Together.* [Online]. [Accessed 10 November 2015]. Available from: http://www.ft.com/cms/s/0/9ac41306-99da-11da-a8c3-0000779e2340.html#axzz2Kt2PWPVs.
Mascotto, G. 2010. Demystifying Russia's Energy Strategy toward China: Strategic Manipulation or Unwitting Vulnerability? In: *51st Annual Convention of the International Studies Association*, *New Orleans*.
Mason, J. 2002. *Qualitative Researching.* London: SAGE Publications.
Matlary, J.H. 1997. *Energy Policy in the European Union.* New York: St. Martin's.
Matlary, J.H. 2009. *European Union Security Dynamics in the New National Interest.* New York: Palgrave Macmillan.
Maull, H.W. 2006. *Germany's Uncertain Power: Foreign Policy of the Berlin Republic.* New York: Palgrave MacMillan.
Mazur, K. 2011. German Companies Strengthen their Cooperation with Russian Gas Suppliers. *OSW Commentary.* [Online]. (64). Available from: http://www.osw.waw.pl/sites/default/files/commentary_64.pdf.
Mazur, K. 2012. *Negotiations between Germany's E.ON and Gazprom Result in Lower Gas Prices.* [Online]. [Accessed 28 November 2015]. Available from: http://www.osw.waw.pl/en/publikacje/analyses/2012-07-11/negotiations-between-germanys-eon-and-gazprom-result-lower-gas-prices.
McDonald, M. 2008. Securitization and the Construction of Security. *European Journal of International Relations* **14**, pp.563-587.
McKillop, A. 2012. *Germany Marches East - Russia Moves West, Putin's Energy Diplomacy.* [Online]. [Accessed 11 June 2014]. Available from: http://www.naturalgaseurope.com/germany-russia-energy-diplomacy.
Mearsheimer, J. 2001. *The Tragedy of Great Power Politics.* New York: W.W. Norton & Company.
Meister, S. 2014. *Reframing Germany's Russia Policy- an Opportunity for the EU.* European Council of Foreign Relationships.
Mey, H.H. 2004. *German Security Policy in the 21st Century: Problems, Partners and Perspectives.* Oxford: Berghahn Books.
Milov, V. 2006b. How Sustainable is Russia's Future as an Energy Superpower? [Online]. [Accessed 12 May 2012]. Available from: http://carnegieendowment.org/.
Milthorp, P. and Christy, D. 2011. Energy Issues in Selected WTO Accessions. In: Selivanova, J. ed. *Regulation of Energy in International Trade Law: WTO, NAFTA and Energy Charter.* Alphen aan den Rijn: Kluwer Law International.
Ministry of Economy of Poland. 2007. *Polish Stand on the Construction of the Nord Stream Gas Pipeline (the Northern Gas Pipeline).* Warsaw: Ministry of Economy of Poland.
Ministry of Economy of Poland. 2009. *Energy Policy of Poland until 2030.* Warsaw: Ministry of Economy of Poland.
Ministry of Energy of the Russian Federation. 2003. *The Energy Strategy of Russia for the Period of up to 2020.* Moscow: Ministry of Energy of the Russian Federation.
Ministry of Energy of the Russian Federation. 2009. *Energy Strategy of Russia for the period up to 2030.* Moscow: Ministry of Energy of the Russian Federation.
Ministry of Energy of the Russian Federation. 2011. *Gas Industry.* [Online]. [Accessed 16 June 2012]. Available from: http://minenergo.gov.ru/activity/gas/.
Ministry of Foreign Affairs in Poland. 2011. *Food for Thought on the EU-Russia Strategic Relationships.* [Online]. [Accessed 25 May].
Ministry of National Defence of Poland. 2003. *The National Security Strategy of the Republic of Poland.* Warsaw: Ministry of National Defence of Poland.

Ministry of National Defence of Poland. 2009. *Defence Strategy of the Republic of Poland: Sector Strategy of the National Security Strategy of the Republic of Poland.* Warsaw: The Ministry of National Defence of Poland.
Ministry of National Defense of Poland. 2007. *The National Security Strategy of the Republic of Poland.* Warsaw: Ministry of National Defense of Poland.
Misik, M. 2015. The Influence of Perception on the Preferences of the New Member States of the European Union: The Case of Energy Policy. *Comparative European Politics.* **13**(2), pp.198-221.
Mistrzak, M. 2010. *Moscovites in Brussels.* [Online]. [Accessed 3 March 2011]. Available from: http://www.robertamsterdam.com/2010/01/the_russian_lobbyist_invasion_of_brussels.htm
Mitchell, J.V. 2009. *Europe's Energy Security After Copenhagen: Time for a Retrofit.* Chatham House.
Mitrova, T. 2012. *European Gas Market:Dreams Do not Always Come True.* Skolkovo Energy Centre.
Monaghan, A. 2005. *Russian Oil and EU Energy Security.* Conflict Studies Research Centre.
Morgenthau, H. 1985. *Politics Among Nations. The Struggle for Power and Peace.* 6th ed. New York: Knopf.
Morka, A. 2001. Dywersyfikacja, Ale Nie Za Kazda Cene. *Rzeczpospolita*. 23 April 2001.
Morozov, V. 2008. Energy Dialogue and the Future of Russia: Politics and Economics in the Struggle of Europe. In: Aalto, P.e. ed. *The EU-Russian Energy Dialogue: Europe's Future Energy Security.* Burlington: Ashgate Publishing Company.
Morozov, V. 2012. Russia in/and Europe: Identities and Boundaries. In: Krumm, R., et al. eds. *Constructing Identities in Europe: German and Russian Perspectives.* Baden-Baden: Nomos Verlagsgesellschaft, pp.33-42.
Muras, Z. 2011. *„Rainbow Vertigo" – Or a Description of Polish Support Schemes for Renewable and Cogeneration Sources.* Warsaw: Energy Regulatory Office, Department of Energy Enterprises of Energy Regulatory Office.
Naimski, P. 2007. Energy Diversification Strategy for Poland. In: *17 September 2007, Columbian University*.
NET4GAS. 2013. *Background European Gas Pipelines.* [Online]. [Accessed 16 May 2014]. Available from: http://digitalnewsservice.net/en/client/european-gas-pipeline/.
Neuman, W.L. 1997. *Social Research Methods: Qualitative and Quantitative Approaches*. Boston: Allyn and Bacon.
Neumann, I. 1999. *Uses of the Other: the East in European Identity Formation.* Manchester: Manchester University Press.
Niemann, A. and Bretherthon, C. 2013. Introduction: EU External Policy at the Crossroads. *International Relations.* **27**(3), pp.261-275.
Noel, P. 2008. Challenging the Myths of Energy Security. *Financial Times*. 10 January 2008.
Nygren, B. 2008. Putin's Use of Natural Gas to Reintegrate the CIS Region. *Problems of Post-Communism.* [Online]. **55**(4), pp.3-15. [Accessed 9 August 2008]. Available from: http://0-web.ebscohost.com.library.bilgi.edu.tr.
OECD. 2014a. *Country Risk Classifications of the Participants to the Arrangement on Officially Supported Export Credits 1999-2013.* OECD.
OECD. 2014b. *OECD Economic Surveys, Poland 2014.* OECD Publishing.
Oettinger, G. 2010a. *Keynote Speech at the EU-Russia 10th Anniversary High Level Conference EU-Russia Permanent Partnership* Brussels: Council for Energy.
Oettinger, G. 2010b. *Statement on the Yamal-Pipeline and the Gas Agreement between Poland and Russia.* Warsaw: European Commission, DG Energy.
Oettinger, G. 2011. *External Dimension of Energy Security: Building European Energy Diplomacy.* Brussels: European Parliament.

Oettinger, G. 2012a. Energy Dialogue: Russia-European Union. Gas Aspects. In: *27 April 2012, Brussels*.
Oettinger, G. 2012b. *Integration of the EU and CIS Electric Power Systems and Markets – A Way of Increasing Security of Supply.* Brussels.
Onuf, N. 2003. Parsing Personal Identity: Self, Other, Agent. In: Debrix, F.L. ed. *Language, Agency, and Politics in a Constructed World.* New York: M.E. Sharpe pp.26-49.
Onuf, N.G. 1989. *World of Our Making: Rules and Rule in Social Theory and International Relations.* Columbia: University of South Carolina Press.
Orban, A. 2008. *Power, Energy, and the New Russian Imperialism.* Santa Barbara: Praeger Security International.
Orbie, J. 2008. *Europe's Global Role: External Policies of the European Union.* Farnham: Ashgate Publishing Limited.
Perovic, J. and Orttung, R.W. 2009. Russia's Role for Global Energy Security. In: Wendger, A., et al. eds. *Energy and the Transformation of International Relations: Toward a New Producer-Consumer Framework.* Oxford: Oxford Institute for Energy Studies, pp.117-158.
Peters, I. 2016. *The European Union's Foreign Policy in Comparative Perspective: Beyond the 'Actorness and Power debate'.* Oxon: Routledge.
Peters, S. and Westphal, K. 2013. Global Energy Supply: Scale, Perception and the Return to Geopolitics. In: Dyer, H. and Trombetta, J.M. eds. *International Handbook of Energy Security.* Cheltenham: Edward Elgar Publishing Ltd., pp.92-117.
PGNiG. 2009. *Responsible Energy: Corporate Social Responsibility Report.* Warsaw: PGNiG.
PGNiG. 2010. *Natural Gas Supply Structure, Import.* [Online]. [Accessed 02 August 2013]. Available from: http://www.pgnig.pl/pgnig/sd/oim/import/?s,main,language=EN.
PGNiG. 2012. *Towards Deregulation of the Polish Gas Market – PGNiG's Workshops Dedicated to the Gas Release Programme.* [Online]. [Accessed 12 May 2014]. Available from: http://www.pgnig.pl/pgnig/com/8387/?r,news,newsId=36542.
Pierce, R. 2008. *Research Methods in Politics.* London: SAGE Publications.
Pierson, P. 2004. *Politics in Time: History, Institutions, and Social Analysis.* Princeton: Princeton University Press.
Pirani, S. et al. 2009. The Russian-Ukrainian Gas Dispute of January 2009: A Comprehensive Assessment. [Online]. [Accessed 20 December 2010].
Polish Geological Institute. 2011. *Natural Gas.* [Online]. [Accessed 12 June 2013]. Available from: http://geoportal.pgi.gov.pl/surowce/energetyczne/gaz_ziemny/2011.
Polish Geological Institute. 2012. *Assessment of Shale Gas and Shale Oil Resources of the Lower Paleozoic Baltic–Podlasie–Lublin Basin in Poland.* Warsaw: National Research Institute.
Pomorska, K. and Vanhoonacker, S. 2015. Europe as a Global Actor: the UnHoly Trinity of Economy, Diplomacy and Security. *Journal of Common Market Studies.* **53**, pp.216-229.
Powers, P. 2001. *The Methodology of Discourse Analysis.* London: Jones and Bartlett Publishers International.
President of Russia. 2006. *About Gas Export.* Moscow: The Kremlin.
President of Russia. 2012. *Executive Order 'On Measures to Protect the Interests of the Russian Federation during Engagement by Russian Legal Entities in Foreign Business'.* Moscow.
President of Russia Official Web Portal. 2009. *Conceptual Approach to the New Legal Framework for Energy Cooperation (Goals and Principles).* [Online]. [Accessed 02 April 2013].
President of the Republic of Poland. 2007. *Polish Act On Stocks of Crude Oil, Petroleum Products and Natural Gas, the Principles of Proceeding in*

Circumstances of a Threat to the Fuel Security of the State and Disruption on the Petroleum Market. Warsaw.
Price, R. and Reus-Smit, C. 1998. Dangerous Liaisons? Critical International Relation Theory and Constructivism. *European Journal of International Relations.* **4**, pp.259-294.
Prizel, I. 1998. *National Identity and Foreign Policy: Nationalism and Leadership in Poland, Russia and Ukraine.* Cambridge: Cambridge University Press.
Prozorov, S. 2006. *Understanding Conflict between Russia and the EU: The Limits of Integration.* Houndmills: Palgrave Macmillan.
Putin, V. 2009. *Putin Comments on Gas Dispute with Ukraine.* [Accessed 12 December 2011]. Available from: https://www.youtube.com/watch?v=Dcsxs7s4p1w.
Radio Poland. 2012. *Good News for Gas Customers, Bad for PGNiG.* [Online]. [Accessed 11 December 2014]. Available from: http://www.thenews.pl/1/12/Artykul/112169,Good-news-for-gas-customers-bad-for-PGNiG.
Ragin, C. 1989. *The Comparative Method: Moving Beyond Qualitative and Quantitative Strategies.* Los Angeles: University of California Press.
Ragin, C. 1992. Introduction: Cases of 'What is a Case? In: RAGIN, C. and Becker, H.S. eds. *What is Case? Exploring the Foundations of Social Enquiry.* Cambridge: Cambridge University Press.
Raszewski, S. 2015. Energy Security Perceptions in Poland and Turkey. *The Polish Quarterly of International Affairs.* **1**, pp.29-40.
Rathbun, B. 2008. A Rose by Any Other Name: Neoclassical Realism as the Logical and Necessary Extension of Structural Realism. *Security Studies.* **17**, pp.294–321.
Repyeuskaya, O. 2012. The Construction of the EU-Russia 'Strategic Energy Partnership': Clash of Identities or Where Do the Interests Come from? *International Journal of Energy Security and Environmental Research.* **1**, pp.33-46.
Reus-Smit, C. 2005. Constructivism. In: Burchill, S., et al. eds. *Theories of International Relations.* Basingstoke Palgrave.
Rhodes, C. 1998. *The European Union in the World Community.* London: Lynne Rienner Publishers, Inc.
RIAnovosti. 2011. *Russian Gas Pipelines.* News Agency RIAnovosti.
Riemens, A. 2013. *Move to Gas Link Boosts German Wholesale Liquidity.* Riemens Commodity Solutions.
Rigmar, E. 2002. The Recognition Game: Soviet Russia against the West. *Cooperation and Conflict.* **37**(2), pp.115-136.
Risse, T. 2004. Social Constructivism and European Integration. In: Diez, T. and Wiener, A. eds. *European Integration Theory.* Oxford: Oxford University Press, pp.159-176.
Rohrkasten, S. and Westphal, K. 2014. Energy Security and the Transatralntic Dimension: A View from Germany. In: Deni, J.R. and Stegen, K. eds. *Transatlantic Energy Relations: Convergence or Divergence.* Oxon: Routledge, pp.50-65.
Romanova, T. 2008. The Russian Perspective on the Energy Dialogue. *Journal of Contemporary European Studies.* **16**(2), pp.219-230.
Romanova, T. 2010. Energy Security Without Panic. *Russia in Global Affairs.* [Online]. **3**. [Accessed 25 December 2013]. Available from: http://eng.globalaffairs.ru/number/Energy_Security_Without_Panic-14900.
Rosamond, B. 2005. Conceptualizing the EU Model of Governance in World Politics. *European Foreign Affairs Review.* **10**(4), pp.463-478.
Rosner, K. 2006. *Gazprom and the Russian State.* London: GMB Publishing Ltd.
Roth, M. 2011. Poland as a Policy Enterpreneur in European External Energy Policy: Towards Greater Energy Solidarity vis-à-vis Russia? *Geopolitics.* **16**(3), pp.600-625.

Rousseau, D. 2006. *Identifying Threats and Threatening Identities: The Social Construction of Realism and Liberalism.* Stanford: Stanford University Press.
Rousseau, D. 2007. Identity, Power,and Threat Perception: A Cross-National Experimental Study. *Journal of Conflict Resolution.* **51**(5), pp.744-771.
Rubin, H.J. and Rubin, I. 2005. *Qualitative Interviewing: The Art of Hearing Data.* 2nd ed. London: SAGE Publications.
Ruggie, J.G. 1998. What Makes the World Hang Together? Neoutilitarianism and the Social Constructivist Challenge. In: Katzenstein, P., et al. eds. *Exploration and Contestation in the Study of World Politics.* Cambridge: MIT Press Ltd, pp.215-247.
Rutland, P. 2008. Russia as an Energy Superpower. *New Political Economy.* **13**(2).
Rutland, P. 2009. US Energy Policy and the Former Soviet Union: Parallel Tracks. In: Perovic, J., et al. eds. *Russian Energy Power and Foreign Relations.* Oxon: Routledge, pp.181-201.
Saurugger, S. 2013. Constructivism and Public Policy Approaches in the EU: From Ideas to Power Games. *Journal of European Public Policy.* **20**(6), pp.888-906.
Schroeder, C. 2012. *Energy Revolution Hiccups: Grid Instability Has Industry Scrambling for Solutions.* [Online]. [Accessed 02 December 2015]. Available from: http://www.spiegel.de/international/germany/instability-in-power-grid-comes-at-high-cost-for-german-industry-a-850419.html.
Schroeder, G. 2007. *Russian-German Relations.* New York: Columbia University, School of International and Public Affairs.
Schroeder, G. 2008. *Solidarity is not a One-Way Street*. Beckman, K.: European Energy Review. pp.46-47. Focus on Russia. 20 November 2008. [Accessed 20 November 2015]. Available from: http://www.europeanenergyreview.com/site/pagina.php?id=700&zoek=Solidarity.
Schroeter, S. 2009. *German Gas System Proves Highly Resilient.* [Online]. [Accessed 02 December 2015]. Available from: http://europeanenergyreview.com/site/pagina.php?id=843.
Schweller, R.L. 2004. Unanswered Threats: A Neoclassical Realist Theory of Underbalancing International Security. *International Security.* **29**(2), pp.159-201.
Sending, O.G. 2002. Constitution, Choice and Change: Problems with the `Logic of Appropriateness' and its Use in Constructivist Theory. *European Journal of International Relations.* **8**, pp.443-470.
Sherr, J. 2010. The Russia–EU Energy Relationship: Getting it Right. *The International Spectator: Italian Journal of International Affairs.* **45**(2), pp.55-68.
Shubskij, M. 2011. *The Last Moment for Gazprom*. Mazneva, E.: Vedomosti. 29 November 2011. Available from: http://www.vedomosti.ru/library/articles/2011/11/29/eto_poslednij_moment_dlya_gazproma_mihail_shubskij.
Sjursen, H. 2006. The EU as a 'Normative' Power: How Can this Be? *Journal of European Public Policy.* **13**(2), pp.235-251.
Sjursen, H. 2007. *Civilian or Military Power? European Foreign Policy in Perspective* Abindgon: Routledge.
Skinner, R. 2006. Strategies for Greater Energy Security and Resource Security [Online]. [Accessed 20 May 2014]. Available from: http://www.oxfordenergy.org/2006/07/strategies-for-greater-energy-security-and-resource-security/.
Smith, K. 2004. *Russian Energy Politics In The Baltics, Poland, And Ukraine: A New Stealth Imperialism?* Washingthon: Center of Strategic and International Studies.
Smith, K. 2008. *Russia and European Energy Security: Divide and Dominate.* [Manuscript]. At: Washington DC: Center for Strategic and International Studies.
Smith, K. 2010. *Russia-Europe Energy Relations Implications for U.S. Policy.* Washington, DC: Center for Strategic and International Studies.

Smith, K. 2011. Deconstructing the "Energy Weapon": Russia's Threat to Europe as Case Study. *Energy Policy.* **39**, pp.6505-6513.
Smith, S. 1999. Social Constructivism and European Studies: A Reflectivist Critique. *Journal of European Public Policy.* **6**(4), pp.482-491.
Socor, V. 2014. Germany in New Role as Transit Country for Russian Gas. *Eurasia Daily Monitor.* [Online]. [Accessed 21 May 2014]. Available from: http://www.eurodialogue.eu/Germany-in-New-Role-as-Transit-Country-for-Russian-Gas
Sovacool, B. 2011. Introduction: Defining, Measuring, and Exploring Energy Security. In: Sovacool, B. ed. *The Routledge Handbook of Energy Security.* New York: Routledge, pp.1-42.
Sovacool, B. and Brown, M. 2010. Competing Dimensions of Energy Security: An International Perspective. *Annual Review of Environmental Recourses.* **35**, pp.77–108.
Spanger, H.-J. and Zagorsky, A. 2012. Constructing a Different Europe: The Peculiarities of the German-Russian Partnership. In: Krumm, R., et al. eds. *Constructing Identities in Europe: German and Russian Perspectives.* Baden-Baden: Nomos Verlagsgesellschaft, pp.221-247.
Spruds, A. and Rostoks, T. 2009. *Energy: Pulling the Baltic Sea Region Together or Apart?* Riga: Zinatne Publishers, Ltd.
Stake, R.E. 1995. *The Art of Case Study Research.* London: SAGE Publications.
Stern, J. 1995. *The Russian Natural Gas 'Bubble'. Consequences for Euroepan Gas Markets.* London: The Royal Institute of International Affairs.
Stern, J. 2002. *Security of European Natural Gas Supplies. The Impact of Import Dependence and Liberalization.* London: The Royal institute of International Affairs.
Stern, J. 2004. *Memorandum by Professor Jonathan Stern, the Oxford Institute of Energy Studies*. The British Parliament, Committee on European Union. [Accessed 01 April 2014]. Available from: http://www.publications.parliament.uk/pa/ld200304/ldselect/ldeucom/105/40308 02.htm.
Stern, J. 2005. *The Future of Russian Gas and Gazprom.* Oxford: Oxford University Press.
Stern, J. 2006. Natural Gas Security Problems in Europe: The Russian-Ukrainian Crisis of 2006. *Asia-Pacific Review.* **13**(1), pp.32-59.
Stern, J. 2008. *European Gas Security*. [Accessed 20 January 2011]. Available from: http://www.energypolicyblog.com/?p=110.
Stritzel, H. 2007. Towards a Theory of Securitization: Copenhagen and Beyond. *European Journal of International Relations.* **13**, pp.357-383.
Stulberg, A. 2007. *Well-Oiled Diplomacy: Strategic Manipulation and Russia's Energy Statecraft in Eurasia.* New York: State University of New York Press.
Szczerbiak, A. 2012. *Poland Within the European Union: New Awkward Partner Or New Heart of Europe?* Oxon: Routledge.
Talus, K. and Fratini, P. 2010. *EU-Russia Energy Relations.* Brussels: Euroconfidentiel.
Tanil, G. 2014. The Social Constructivist Fusion Perspective: A Theory for Europeanization. *Perspectives on European Politics and Society.* **15**(4), pp.483-499.
Tardy, T. 2009. *European Security in Global Context: Internal and External Dynamics.* Oxon: Routledge.
Tellis, W. 1997. Introduction to Case Study. *The Qualitative Report* [Online]. **3**(2).
The Centre for Polish-Russian Dialogue and Understanding. 2011. *Rethinking EU-Russia Relationship.* Brussels: The Centre for Polish-Russian Dialogue and Understanding.
The Economist. 2009. *He Who Pays for the Pipelines Calls the Tune.* [Accessed 29 July 2014]. Available from: http://www.economist.com/node/14041672.
The Economist. 2010. EU Gets Serious. *The Economist*.

The Federal Council of Germany. 2015. *The Bundesrat's German-Russian Friendship Group.* [Online]. [Accessed 03 December 2015]. Available from: http://www.bundesrat.de/EN/europa-int-en/interparl-en/dt-russ-en/dt-russ-en-inhalt.html.

The Federal Ministry of Economic Affairs and Energy of Germany. 2012. *Germany's New Energy Policy: Heading Towards 2050 with Secure, Affordable and Environmentally Sound Energy.* Berlin: The Federal Ministry of Economic Affairs and Energy of Germany (BMWi).

The Federal Ministry of Economics and Technology and the Federal Ministry for the Environment, N.C.a.N.S.o.G. 2010. *Energy Concept for an Environmentally Sound, Reliable and Affordable Energy Supply.* Berlin: Federal Ministry of Economics and Technology (BMWi).

The Federal Network Agency and the Federal Cartel Office of Germany. 2012. *Monitoring Report 2012: Developments of the Electricity and Gas Markets in Germany.* Bonn: The Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway.

The Federal Network Agency for Electricity, G., Telecommunications, Post and Railway of Germany,. 2013. *Security of Gas Supply Remains High*. Bonn: Bundesnetzagentur. 8 July 2013. [Accessed 04 December 2015]. Available from: http://www.bundesnetzagentur.de/SharedDocs/Downloads/EN/BNetzA/PressSection/PressReleases/2013/130708_SecurityOfGasSupply.pdf?__blob=publicationFile&v=2

The President of the Energy Regulatory Office in Poland. 2013. *National Report.* Warsaw: The Energy Regulatory Office.

The Russia Forum. 2010. *Russian Gas Exports: New Challenges and Opportunities.* [Accessed 10 May 2014]. Available from: http://2010.therussiaforum.com/news/news-09022010-18/.

The Telegraph. 2011. Angela Merkel 'World's Most Powerful Woman'. *The Telegraph*. 24 August 2011.

TheEFDGroup. 2012. *Conference 'Strengthening EU-Russia Energy Relations'.* [Accessed 15 May 2014]. Available from: http://www.youtube.com/watch?v=BCGSEtWbGAQ.

Thomas, D.C. 2012. Still Punching below Its Weight? Coherence and Effectiveness in European Union Foreign Policy. *Journal of Common Market Studies.* **50**(3), pp.457-474.

Thure, T. and Kemfert, C. 2009. Impacts of the German Support for Renewable Energy on Electricity Prices, Emissions and Firms. *The Energy Journal.* **30**(3), pp.155-178.

Timmins, G. 2011. German–Russian Bilateral Relations and EU Policy on Russia: Between Normalisation and the 'Multilateral Reflex'. *Journal of Contemporary European Studies.* **19**(2), pp.189-199.

Timmins, G. 2013. Germany, the EU and Russia: Two-Level Games and the Pursuit of Constructive Engagement. . In: *Annual Workshop 'Germany as a global actor', 11 October 2013, University of Birmingham*. Institute for German Studies.

Torello, A. and Kruk, M. 2012. Poland Blocks EU Endorsement on Climate Change. *The Wall Street Journal*.

Treaty of Amsterdam. 1997. *Amending the Treaty on European Union, the Treaties Establishing the European Communities and Certain Related Acts.* Brussels.

Treaty of Lisbon. 2007. *Treaty of Lisbon Amending the Treaty on European Union and the Treaty Establishing the European Community.* Brussels: Official Journal of the European Union.

Treaty of Maastricht. 1992. *The Treaty on European Union.* Brussels: Official Journal of the European Union.

Treaty of Nice. 2001. *Treaty of Nice Amending the Treaty on the European Union, the Treaties Establishing the European Communities and Certain Related Acts* Brussels: Official Journal of the European Union.

Trenin, D. 2007. Russia Redefines Itself and Its Relations with the West. *Washington Quarterly.* **30**(2), pp.95-105.
Umbach, F. 2008. Germany's Energy Insecurity. *Germany's Energy Insecurity.* [Online]. Available from: http://www.ensec.org/index.php?option=com_content&view=article&id=153:germanysenergyinsecurity&catid=81:europe&Itemid=324
Vaisse, J. and Kundnani, H. 2011. *European Foreign Policy Scorecard 2010.* London: The European Council on Foreign Relations.
Van Aartsen, J. 2009. *Project of European Interest NG 3.* Brussels.
Van Rompuy, H. 2010. *Remarks.* Brussles: European Council.
Waever, O. 1995. Securitization and Desecuritization. In: Lipschutz, R. ed. *On Security.* New York: Columbia University Press, pp.46-86.
Walsham, G. 2006. Doing Interpretive Research. *European Journal of Information Systems.* **15**, pp.320–330.
Walt, S. 1987. *The Origins of Alliances* Ithaca: Cornell University Press.
Waltz, K. 1979. *Theory of International Politics.* New York: Addison-Wesley.
Wendt, A. 1992. Anarchy is What States Make of It: The Social Construction of Power-Politics. *International Organization.* **46**(2), pp.391-425.
Wendt, A. 1999. *Social Theory of International Politics.* Cambridge: Cambridge University Press
Wendt, A. and Friedman, D. 1995. Hierarchy under Anarchy: Informal Empire and the East German State. *International Organization* **49**(4).
Westerwelle, G. 2012. *'I Don't Want a German Europe'*. Von Hammerstein, K. and Neukirch, R. Federal Foreign Office of Germany Website: The Spiegel. [Online]. Available from: http://www.auswaertiges-amt.de/EN/Infoservice/Presse/Interview/2012/120213-BM_Spiegel.html.
Westphal, K. 2009. *Russian Gas, Ukrainian Pipelines, and European Supply Security: Lessons of the 2009 Controversies.* Berlin: German Institute for International and Security Affairs.
Wigell, M. and Vihma, A. 2016. Geopolitics Versus Geoeconomics: The Case of Russia's Geostrategy and its Effects on the EU. *International Affairs.* **92**(3), pp.605-627.
World Nuclear Association. 2015. *Nuclear Power in Germany.* [Online]. [Accessed 01 December 2015]. Available from: http://www.world-nuclear.org/info/country-profiles/countries-g-n/germany/.
Wozniak, P. 2007. *Statement about the Nord Steam.* [Online]. [Accessed 12 July 2012]. Available from: http://www.mg.gov.pl/NR/rdonlyres/DC780D84-10FC-4652-BC96-B9F30CA1DB2B/31362/070322_ListMPWdoNordStream2.pdf.
Yafimava, K. 2011. *The Transit Dimension of EU Energy Security: Russian Transit across Ukraine, Belarus, and Moldova.* Oxford: Oxford University Press.
Yanow, D. 2003. Interpretive Empirical Political Science: What Makes This not a Subfield of Qualitative Methods. *Qualitative Methods Newsletter* [Online]. **1**(2), pp.9-13.
Yanow, D. and Schwartz-Shea, P. 2006. *Interpretation and Method: Empirical Research Methods and the Interpretive Turn.* New York: M.E. Sharpe.
Yergin, D. 1988. Energy Security in the 1990s. *Foreign Affairs.* **67**(1), pp.110-132.
Yergin, D. 1991. *The Prize: The Epic Quest for Oil, Money, and Power.* New York: Simon and Shuster.
Yergin, D. 2011. *The Quest: Energy, Security and the Remaking of the Modern World.* London: Penguin Books.
Yin, R.K. 2009. *Case Study Research: Design and Methods.* London: SAGE Publications.
Youngs, R. 2009. *Energy Security: Europe's New Foreign Policy Challenge.* Oxon: Routledge.
Zakrzewska, J. 2012. *PGNiG and LOTOS Expand Cooperation.* [Online]. [Accessed 5 July 2014]. Available from:

http://www.lotos.pl/en/1031/p,695,n,3711/lotos_group/press_centre/news/pgnig_and_lotos_expand_cooperation.
Zarycki, T. 2013. The Embarrassing Russian Connection: Sellective Memory of the Russian Heritage in Contemporary Poland. In: Taras, R. ed. *Russia's Identity in International Relations: Images, Perceptions, Misperceptions*. London: Routledge, pp.133-149.
Zehfuss, M. 2002. *Constructivism in International Relations: The Politics of Reality.* Cambridge: Cambridge University Press.
Zeniewski, P. et al. 2013. Framing New Threats: the Internal Security of Gas and Electricity Networks in the European Union. In: Dyer, H. and Trombetta, J.M. eds. *International Handbook of Energy Security.* Cheltenham: Edward Elgar Publishing Ltd., pp.40-70.

Appendix: List of Interviews

The majority of the interviewees requested that their identities should remain anonymous regardless of whether their comments were quoted directly or paraphrased. As a result they are mostly identified by their institutional affiliation.

Interview 1. Senior official of the Energy Charter Secretariat. Brussels, 08 November 2011.

Interview 2. Anonymous interview with the Russian Official. Brussels, 28 November 2011.

Interview 3. Senior official of the Council General Secretariat. Brussels, 31 October 2011.

Interview 4. Official of the European Commission, DG Energy, Brussels, 16 November 2011.

Interview 5. Official of the European Commission, DG Energy, Brussels, 28 October 2011.

Interview 6. EU Official, Brussels, 12 November 2011.

Interview 7. Telephone interview with Tatiana Mitrova, Head of the Oil and Gas Department at Energy Research Institute of the Russian Academy of Sciences, 25 September 2011.

Interview 8. The spokesman for the South Stream Transport BV venture and former Spokesman for the Nord Stream, Brussels, 17 November 2011.

Interview 9. Official of the European Commission, DG Energy, Brussels, 20 August 2012.

Interview 10. Official from the Oil and Gas Department in the Polish Ministry of Economy, Warsaw, 17 September 2012.

Interview 11. Telephone interview with Alexey Gromov, Director of Energy Department, Institute for Energy and Finance in Moscow, 13 September 2011.

Interview 12. Telephone interview with Leonid Grigoriev, Professor in Higher School of Economics. 29 August 2011.

Interview 13. Official from the Federal Ministry of Economics and Technology, Berlin, 05 December 2011.

Interview 14. Telephone interview with European Commission Advisor and Energy Expert at the Sobieski Institute in Warsaw, 14 August 2011.

Interview 15. Senior expert from the Centre for Eastern Studies (OSW), Warsaw, 19 September 2012.

Interview 16. Anonymous source of Polish Ministry of Foreign Affairs, Warsaw, 18 September 2012.

Interview 17. Ernest Wyciszkiewicz, Deputy Director of Centre for Polish-Russian Dialogue and Understanding, Warsaw, 12 September 2012.

Interview 18. Energy attaché in the Permanent Representation of the Republic of Poland to the EU, Brussels, 28 November 2011.

Interview 19. German Senior energy expert from the German Council of Foreign Relations (DGAP), Berlin, 6 December 2011.

Interview 20. Official in the German Permanent Representation to the EU, Brussels, 14 November 2011.

Interview 21. Telephone interview with German Senior Political Advisor and an Energy Expert, 13 January 2012.

Interview 22. Anonymous interview with Wintershall AG employee. Brussels, 18 November 2011.

Interview 23. Fraser Cameron, Director of The EU-Russia Centre, Brussels, 07 November 2011.