

Energy Policy Review 2001

Statement by the Minister for Environment and Energy
pursuant to the Act on Energy Policy Measures

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1. Introduction

At present the Danish energy sector is in a period of rapid change characterised by market opening, efficiency enhancement and positive environmental results.

In 1990, as one of the first countries in the world Denmark set itself the ambitious target of reducing CO₂ emission from Danish energy consumption by 20% in 2005 in relation to the 1988 level. This challenge has made great demands on reorganisation in energy supply and efficiency enhancement in energy consumption, but the positive results are now really becoming apparent. Preliminary figures for 2000 show that today we have reduced CO₂ emission by approximately 11%, while the most recent scenario demonstrates that if we continue our active efforts in the coming years, we will be able to fulfil the overall objective in 2005. This is a significant result - on the international level also - of the active energy policy which has been pursued.

There is still some way to go in relation to reducing the emission of the 6 climate gases by 21 % between 2008 and 2012. Political will will be needed to continue endeavours to enhance the efficiency of energy consumption, continue the development of renewable energy and limit CO₂ emission, not least from electricity production. The focus must continue to be on cost-effective methods of limiting energy consumption and CO₂ emission in the area of transport also. The government will make every effort to ensure that Denmark lives up to its commitment under the Kyoto Protocol to reduce the emission of climate gases.

Apart from a cleaner environment, the environmental demands on the energy sector provide a number of excellent opportunities for commercial development within an international growth area. The Danish wind turbine industry is a shining example of this. At the same time it must be taken into account that new, more environmentally friendly technologies and solutions will often be more expensive than traditional technologies for a period of time. Therefore, frames have been established to support the development of new technologies and more environmentally friendly behaviour.

The government would like to unite strong consideration for the environment with continued efforts to make the energy area more efficient not least by means of the possible rationalisation benefits that can be found on the energy supply side. At present, gradual controlled market opening is taking place on the electricity and gas market where the government will stress the safeguarding of a constantly more efficient energy supply sector.

Security of supply has been highly prioritised in Denmark since the first oil crisis in 1973, and the government finds it extremely important that security of supply is also ensured in the future. The government would like to ensure that continued efforts to make the energy sector more efficient do not take place at the expense of security of



supply. In continuation of this, the government will continue its efforts to limit energy consumption by means of energy savings as lower energy consumption supports the efforts to maintain security of supply.

Today the development in the energy area must to a high degree be formed through international cooperation. The great environmental challenges are global and do not respect national borders. The EU is demanding liberalisation in the area of electricity and gas and many measures can best be implemented in cooperation with other countries. The utilisation of common measures will typically boost their impact and contribute to avoiding distortion of competition. Thus, the government attaches great importance to active participation in international energy cooperation to ensure that Danish interests are protected as well as possible.

To a large extent Denmark has played a pioneering role at international level in relation to the objectives concerning sustainable development. The government will continue this line, a central element of which is the development and transfer of know how and sustainable technologies to the countries of Eastern Europe and the developing countries. For this reason Denmark will maintain and develop its positions of strength within the areas of renewable energy and efficient technology to the benefit of the environment, not merely in Denmark but in other countries also.

2. State of affairs and challenges facing national energy policy

Climate objectives

The government is pleased to announce that we are well on the way to fulfilling the national CO₂ target of 20% reduction of CO₂ emissions in 2005 in relation to 1988. According to the most recent scenarios from the Danish Energy Agency, it is possible that the objective will be reached with the initiatives that already have been launched. The marked increase in numbers of wind turbines that has taken place and which is expected to continue not least in the shape of wind farms in the coming years is making a large contribution to this positive development. Up to one third of electricity consumption in 2005 is thus expected to be covered by renewable energy.

It should be emphasised that, naturally, the review is subject to a significant degree of uncertainty and that, in addition, the national objective for 2005 represents only a step on the way in relation to the overall climate objectives. Therefore, the government will continue its efforts to reduce emissions of CO₂ and other greenhouse gases.

The continued development of wind turbines and CHP means that the challenge to adapt electricity production to consumption will steadily increase. The government find it extremely important that this is taken in hand in order to optimise the interaction between production and consumption, technically, economically and environ-

mentally. Over the next six months this problem will be analysed by a working group appointed by the Danish Energy Agency.

Within the internal EU distribution of burdens in relation to the Kyoto Protocol, Denmark has committed itself to a 21% reduction of six greenhouse gases in 2008-12 in relation to 1990 (in the case of industrial greenhouse gases, however, by 1995). In this connection, Denmark has indicated that the commitment should be measured in relation to a level in 1990 which is adjusted for the very great importation of electricity that year. However, the commitment in 2008-12 applies to the total emission of six greenhouse gases, including the emission involved in any export of electricity that may take place.

The new scenario shows that significant export of electricity could take place after 2003 should the CO₂ quota scheme for electricity production not be continued. It will thus be decisive for compliance with Denmark's Kyoto commitment that the quotas scheme is continued in a form that ensures compliance with the objectives. The scenario shows that only 2-3% is lacking to achieve the 21% reduction commitment for the six greenhouse gases in 2008-12 should a quota be established that corresponds to CO₂ emission from domestic consumption. Conversely, without CO₂ quotas for electricity production, there will be a shortfall of more than 19% to achieve the objective.

There are many possibilities to make up a deficiency of 2-3% in the energy area and other areas. There is work in progress to establish new energy-saving measures and new initiatives in the field of transport, but agriculture, for example, could also offer attractive potential to limit climate gas emissions. The government will work actively to ensure the efficient fulfilment of the objective concerning a 21% reduction of climate gases in 2008-12.

Together with this review, the government is also submitting a proposal to the effect that the Folketing (Danish Parliament) should give the government its consent to ratify the Kyoto Protocol on behalf of Denmark. Submission of the proposal already at this point underlines the wish of both the government and the EU that the Kyoto Protocol should be able to enter into force in connection with the UN Environment Summit in 2002. The announcement by the President of the USA that the USA no longer supports the Kyoto Protocol must not lead to many years of international climate negotiations being abandoned. The EU Member States will continue their efforts to bring the USA back to the negotiating table. However, if this does not succeed attempts must be made to have the Kyoto Protocol ratified without the USA.

One of the outstanding points from the sixth Conference of the Parties under the Climate Convention is the frames within which the "flexible mechanisms" may be applied. The flexible mechanisms comprise international trading in quotas, Joint Implementation (joint projects between the industrialised countries) and the Clean Development Mechanism (joint projects between the industrialised countries and the developing countries).



The Danish government looks with favour upon the application of the flexible mechanisms to a degree that ensures genuine environmental improvements. The government finds it important that the advantages and disadvantages connected with the mechanisms should be disclosed in good time before 2008. This is one reason why Denmark is playing an active role in the “testing ground” project where the Baltic region is being used as a ground for testing the flexible mechanisms.

The Act concerning CO₂ Quotas for Electricity Production has been drawn up in such a way as to make it possible for Danish electricity producers to participate in an international quota trading system and for quotas from the Joint Implementation and Clean Development Mechanism projects to be credited in Denmark. The government will raise the issue of utilisation of the mechanisms during the political talks concerning continuation of the quota scheme, which are to take place before the end of 2001.

Security of supply

Maintaining a secure supply of energy constitutes an important pillar in energy policy, and the government thus finds it important that the wishes for vigorous consideration for the environment and the continued endeavour to make the energy area more efficient do not have an adverse effect on the fundamental consideration for security of supply.

At an Energy Council meeting in December, the EU Commission presented a green paper on European energy supply strategy. With this green paper, the EU Commission has prepared a debate concerning a coordinated, long-term energy policy which while covering the supply and demand sides also includes consideration for the environment. The green paper recommends stepped up energy efficiency and energy savings in order to reduce Europe’s growing dependence on imported energy. On the supply side, spreading the supply routes is recommended. Nuclear energy also receives more subtle treatment than previously.

The government in general looks with favour upon the new green paper as in many areas the recommendations by the EU Commission are close to the energy policy which has been pursued in Denmark for many years.

In the field of electricity there is also fresh focus on the question of security of supply, and it is not least grave problems in other countries in connection with the opening of the electricity markets that have led to this.

An amendment of the Electricity Supply Act was adopted in August 2000 in order to clarify the tasks of the system-committed undertakings in connection with maintaining security of supply and to give them the necessary powers. At the meeting in Greenland of the Nordic energy ministers in August 2000, the need to develop cooperation between the countries was pointed out to ensure efficient handling of output problems and the utilisation of reserve capacity. Likewise, the need to view the overall sys-



tem commitment in a Nordic perspective was pointed to. It is vital that market opening should never take place at the expense of security of supply.

Accelerated liberalisation in the EU

In the middle of March, the EU Commission presented a proposal for a directive to amend the electricity and gas directives with a view to accelerating the liberalisation of the sectors. The key elements are: full market access for all consumers in 2005; full operational unbundling of the commercial interests of the transmission operators from production and sales activities; third-party access on the basis of fixed, regulated tariffs; and, making the PSO provisions (public service obligations) more precise. The Commission is also expected to present a proposal for a Council Regulation concerning cross-border exchange of electricity, including the establishment of border tariffs, allocation of available capacity, and the establishment of compensation mechanisms for transit of electricity.

The government wishes to promote a development that ensures genuine, non-discriminatory access to both the electricity and gas networks in the EU. The development in the field of electricity is further advanced in the Nordic countries than in the other EU Member States. In the field of gas, the creation of equal and genuine competition potential is dependent on developments in Germany in particular and on the extension of the gas network to countries and areas with well-functioning gas markets. As dominant actors will continue to be a feature of the production and supply of gas to the EU area and to Denmark, efficient EU regulation is needed which can ensure Danish undertakings equal possibilities for competition. The government is therefore in favour of the Commission's proposal if, simultaneously with increased market opening equal, genuine competition potential is ensured in all EU Member States.

In step with intensified competition on the energy markets, national measures to benefit the environment will come under pressure. The government finds it important to maintain a balance between the three major considerations in energy policy: security of supply, protection of the environment and competitiveness. For this reason the government will work to strengthen environmental efforts and efforts concerning security of supply at Community level. Security of supply and consideration for the environment must not be set aside as a consequence of market opening.

Electricity supply

The Electricity Reform Agreement and the subsequent agreements concerning the economy of the power plants from November 1999 and on implementation of the Biomass Agreement from March 2000 have very largely established the frames for future electricity supply. The total reform complex has significantly changed the frames for electricity supply with the introduction of market mechanisms, at the same



time as ensuring that we in Denmark can continue to pursue the environmental objectives for the electricity sector.

The agreements were followed up by government legislation and adjustments to the new frames on the part of the undertakings. The new Electricity Supply Act of June 1999 was supplemented by amendments in December 1999 concerning the economic position of the power plants, in May 2000 on equalisation of environmentally friendly electricity, and in December 2000 on the duties of the system-committed undertakings. The amendments implement the agreements mentioned above and in addition make precise the individual provisions in the original Act. The greater part of the total legislative complex is today approved by the EU Commission and approval of the final elements is expected during the Spring. However, it is to be expected that there will continue to be a need for adjustments in the legislative basis in step with adjustment to the national frames and international development in the area.

On the corporate side, in accordance with the Power Plant Agreement the former 8 power companies have now been merged into 2 companies at the same time as considerable structural rationalisation has taken place on the network side. Many of the former distribution undertakings are to be amalgamated into larger network and supply-committed undertakings, and cooperation is to be established across the supply boundaries concerning procurement of electricity.

The Agreement of 22 March 2000 established the framework for the implementation of the Biomass Agreement. On the basis of the agreement, supplementary firing with straw is expected to be established at the Studstrup plant, pure straw-firing at the Amager plant and firing with wood chips at block 2 of the Avedøre plant and the Herning plant. In addition to this, a final decision is to be made on the establishment of the capacity to burn a further 150,000 tons of straw, to be established before the end of 2004.

Concerning the offshore wind farm order, a concrete basis has now been established for fixing the settlement prices. It will be possible to implement offshore wind farm development without more costs involved for consumers than a similar land-based development.

Against this background, the government has now presented a Bill concerning settlement terms for biomass plants and wind turbines. The Bill involves reorganisation of the support system to plants that are constructed as a result of an order pursuant to the earlier Electricity Supply Act, from a system based on obligation to buy to a system alone based on premiums and green certificates. The aim of this is to improve competition on the electricity market as the restructuring will ensure that the competition market is not limited.

The CO₂ Quota Act came into force on 1 January 2001 and will be in force until 2003. Quotas have been announced for CO₂ emissions from the power plants and the size

of the quotas will be reduced up to 2003. Following a hearing process, in 2000 the individual producers were allocated their quota for 2001. The Quota Act creates a further instrument for economically efficient regulation of the environmental impact of electricity production.

The green electricity market

In connection with the electricity reform, it was decided to restructure electricity production from renewable energy to a market-based system based on the issue of convertible green certificates. The aim of the restructuring is to introduce market mechanisms in the development of renewable energy in order to make the development as economically efficient as possible.

The government expects the market to be initiated during 2002 and to be fully functional as per 1 January 2003. However, during the first years a considerable amount of green electricity will continue to be handled outside of the market because of the various transitional schemes that formed a part of the Electricity Reform Agreement.

The Renewable Energy Directive

The Minister for the Environment and Energy, together with the other EU energy ministers has concluded negotiations on a draft directive concerning the promotion of power from renewable energy in the internal energy market. In the immediate future the directive will be submitted to the European Parliament with a view to a second reading.

The directive lays down a number of principles for a common renewable energy support system and the Danish green certificate market can be implemented without any problem within the frames of the directive. Although Denmark worked towards the establishment of a green certificate market at EU level already at this point in time, sufficient support could not be obtained as several countries were not ready to change their fixed-price support system. Therefore the directive postpones the presentation of a proposal for a common support system for four years. The coming common system is expected to correspond to the Danish green certificate market.

The directive also contains provisions concerning certification of renewable energy, network access, tightening of administrative procedures to make renewable energy development easier, and provisions concerning advisory objectives for renewable energy development in the individual countries.

Gas supply

The area of gas is undergoing considerable changes at present. The Danish gas market opened on 1 July 2000 following the adoption of the Natural Gas Supply Act. The



corporate structure has also undergone change in recent years and preferential tax treatment of natural gas ceased as of the end of 2000.

With the implementation of the EU gas directive, the government has emphasised gradual opening of the gas market. In Denmark, consumers who consume in excess of 350,000 million m³ of natural gas annually have the right to freely select their supplier from 1 July 2000. This corresponds to a 30% opening of total annual gas consumption on the Danish market. Market opening makes allowance for the long-term take-or-pay agreements which the state-owned undertaking DONG has vis-à-vis inter alia DUC.

Since the EU electricity and gas directives were adopted, development has accelerated on the European electricity and gas market. It is assessed that the gas market in the EU will be opened further in the coming years. As described previously, the Commission has put forward a proposal for more pro-active regulation of the European energy market. Against this background, the government has decided to table a proposal to amend the Natural Gas Act in order already at this point to take into account the new EU requirements for regulation of the natural gas sector. Among other things, the Bill contains requirements concerning corporate unbundling and regulated access to the transmission network.

The Reform Follow-up Agreement of March 2000 demonstrated that there is broad political agreement that the gas infrastructure should remain in public ownership. Public ownership of the gas infrastructure combined with the requirements concerning corporate unbundling will ensure that requirements pertaining to security of supply, the national economy, environmental and consumer protection will continue to be taken into account. By unbundling the trading subject to competition, appropriate exploitation of the gas project will be supported in an open gas market.

Concurrently with the proposal for more transparent regulation of the Danish gas market, the government will work for similarly transparent terms being ensured in the other EU Member States.

Focus on DONG's prices and transport tariffs has increased in connection with the sharp rise in oil and gas prices during 2000 and the Danish market opening. DONG has offered to secure the price of natural gas for electricity production and has offered a new discount to industrial CHP plants. In addition, DONG is offering big clients the possibility of generally freezing the price of natural gas over a lengthy period.

The terms for horticulture, which is energy-sensitive, have also been the subject of political discussion. Attention has been directed in particular to the differences in relation to gas prices for horticulture in the Netherlands. A great part of the difference between Dutch and Danish gas prices that arose in 2000 can be attributed to the speed at which changes in oil prices make themselves felt in gas prices. The picture changed with falling oil prices at the end of 2000 and into 2001. There has been an investigation of whether the Dutch grant state subsidy to market gardeners over the

gas prices, but the EU Commission has approved the Dutch scheme as a purely commercial agreement between the market gardeners and the gas undertakings, where market gardeners receive a significant bulk discount through collective procurement.

Open-field plants

Over the past year, heat customers who are supplied from open-field plants and other small-scale CHP plants have experienced large increases in heat prices due to rising prices of gas.

On 16 June 2000, the government reached agreement with a majority of parties in the Folketing (Danish Parliament) on an aid package to relieve the small-scale CHP plants and the open-field plants. The aid package included an adjustment of the settling price of electricity, an offer from DONG concerning price securing of purchase of gas for electricity production and a special pool of DKK 250 million to reduce the debts of the plants. In addition, DONG has distributed DKK 120 million from the special open-field pool of the natural gas undertakings to distressed plants.

Energy consumption

During the 1990s, inter alia as a consequence of considerable economic growth, energy consumption rose in the various sectors causing total, final energy consumption to rise by approximately 8% between 1990 and 1999. The savings initiatives that were implemented have not proved adequate to maintain the trend from the 1970s and 1980s, when final energy consumption fell. However, total gross energy consumption remains almost constant as a result of efficiency measures in energy supply.

As part of fulfilling the long-term energy and environment objectives, there is a need to strengthen energy saving efforts. Energy savings are an efficient means of reducing CO₂ emissions while at the same time leading to a reduction of energy consumption, improved security of supply and less vulnerability vis-à-vis rising oil prices.

The government finds it important that the overall savings efforts across the sectors, actors and measures should be as efficient as possible. The Energy Savings Act, adopted by the Folketing in May 1999, is to contribute to this. The Act lays down the overall frames for the coordination and prioritisation of savings efforts. On the local level, this is to take place through local energy-savings committees. With a view to ensuring the greatest possible efficiency, the different activities will be reflected in framework programmes for which tenders will be invited.

In continuation of the first energy saving review, which was presented in September 2000, negotiations are in progress between the political parties on a political agreement about energy savings. The agreement is to establish energy-saving targets in 2005 for the different sectors and new measures will be considered, including new economic incentives, which can ensure that the targets are achieved.



The government finds it important that public institutions show good energy behaviour and contribute to influencing developments by their good example and by exerting influence on the market. The government will order the state institutions to enhance and expand their present energy-saving activities. In the local authority area, the stage is set for entering voluntary agreements which ensure that the savings targets that have been set are achieved.

In the future the electricity network undertakings and the natural gas and district heating undertakings together with the Electricity Saving Trust are to play a central role in implementing energy savings. The undertakings are to advise the consumers on energy savings and are to take part in campaigns etc. The efforts, which are to be considerable in scope, must be efficient, and for this reason tenders should be invited for different activities.

A number of concrete initiatives and campaigns are carried out on a running basis to promote the utilisation of energy-efficient products. Among other things there is a high priority on the introduction of energy labelling schemes for several products. In 2001 a labelling scheme for windows will be introduced and a campaign will be carried out to promote the utilisation of energy efficient windows and window panes. New campaigns will also be conducted to limit stand-by consumption.

On the basis of evaluations, in 2001 a number of adjustments will take place in house labelling schemes for both large and small properties with a view to boosting the efficiency of the schemes.

The government finds it important that the initiative to promote energy savings in the business sector should continue and be developed. Some of the central focus areas in relation to industry, agriculture and horticulture are the promotion of energy-conscious design and the introduction of energy management, where a new Danish standard is underway. Simultaneously, subsidy is granted for energy savings and energy agreements are entered with industry, in many cases concerning the implementation of energy management.

Energy consumption for transport constitutes an increasingly rising share of total energy consumption – 24% in 1999 – and the rise in energy consumption for road traffic and foreign aviation, in particular, dominate the development. The government finds it important that efforts should be made to reduce the energy consumption of the transport sector and CO₂ emission. In 2000, energy labelling of new cars corresponding to the labelling scheme for refrigerators etc. was, inter alia, introduced. In addition the Minister for Taxation has appointed a working group to review the possibilities of restructuring the tax on cars in accordance with their energy consumption and CO₂ emission. Finally, the Ministry of Transport will present an action plan containing a number of initiatives which the government will in the future initiate to reduce CO₂ emission from the transport sector. This plan implies new, binding targets for a reduction of CO₂ emission from the transport sector by 7% in 2010 in relation to the basis scenario, corresponding to a stabilisation of emission on the 2000 level.

Research and development

The overall objective of the subsidies to energy R&D is to create the best possible development basis for energy policy, including making a contribution to ensuring that new, energy-saving technology is developed and that a basis is created for enabling the share of renewable energy sources to be increased in the total energy-supply system.

DKK 10 million was allocated on the Finance Act for both 2000 and 2001 for the promotion of the utilisation of geothermal heat in the underground. Geothermal Corporation in Greater Copenhagen has received a subsidy to carry out preliminary seismic investigations with a view to assessing the potential for exploiting geothermal heat in the Copenhagen area. The undertaking has been granted an exclusive concession for recovery of the geothermal energy in the area.

With the adoption of the 2001 Finance Act, the special 4-year pool for 1997-2000 for the development of new renewable energy technologies has been extended with a pool for 2001-2004. Under the new pool, funds will in particular be allocated for the development of wave energy, hydrogen technology and solar cells.

Oil and gas production

The level of exploration was high in 2000, among other things because the activities in the 5th round of concessions from 1998 have now reached the mid-term phase. In the concessions from the 5th round, up to now one commercial oil strike has been made, confirming the positive development that is in progress. The other latest strikes, in particular A.P. Møller's Halfdan strike from 1999, give reason to believe that it will be attractive for oil companies to invest in exploration in Denmark for many years yet.

The rising trend of oil and gas production is continuing, thus contributing to an improvement of the balance of payments. The most recent evaluations of the oil resources in the Halfdan field also make a large contribution to the revaluation of the reserves. It is especially positive that Denmark's oil and gas supplies can be obtained from our own part of the North Sea for many years to come.

As part of the 1981 agreement between the Minister for Energy and A.P. Møller, the Danish Energy Agency approved the relinquishment of areas from The Contiguous Area per 1 January 2000, and also approved working programmes for the next 6-year period. Pursuant to the agreement, the next relinquishment of areas will take place on 1 January 2005.



3. Regional and international energy cooperation

Nordic and Baltic energy cooperation

Almost all topics in Nordic energy cooperation have by now a connection with the cooperation taking place concerning the Baltic Sea region, and “purely Nordic” energy questions are disappearing. One example of this is the meeting between the Nordic energy ministers which took place in Ilulissat in August 2000 under the chairmanship of Denmark. The operative part of the conclusions of this meeting covered three problem complexes all of which reach beyond the Nordic countries: establishing the conditions for using the Baltic Sea region as a testing ground for the Kyoto mechanisms; further development of the Nordic electricity market, including supporting the Baltic countries in their work of developing a joint Baltic market for electricity; and, the development of a cooperation strategy for energy policy for the coming years.

Energy cooperation in the Baltic Sea region takes place within the framework of the Baltic Sea Region Energy Cooperation. The cooperation, in which 10 countries and the EU Commission participate, is financed by the Nordic Council of Ministers. The cooperation concerns most of the problem complexes that have been and remain the focus of Nordic cooperation. This ensures both that Nordic experience is made use of without duplication of work and that the establishment of sustainable energy supply around the Baltic Sea continues to approach realisation.

Danish assistance to sustainable development in the energy area

Danish assistance to sustainable energy takes place by means of the environmental assistance programmes in Eastern and Central Europe, the Danced programme and Danida’s environmental assistance programmes.

The primary focus in Eastern and Central Europe is in Estonia, Latvia, Lithuania, and Poland, and in the St. Petersburg and Kaliningrad regions in Russia. Good working relations have been built up here over the last ten years and more than 360 energy projects have been implemented.

Efforts in Eastern Europe are concentrated on efficiencies in the area of supply, cleaner fuels, energy savings and institution building. The target is to create the greatest possible cohesion between energy assistance and the commitments that are a consequence of accession to international conventions, such as the CO₂ reduction targets under the Climate Convention.

Energy assistance to Danced and Danida’s programme countries is likewise organised so as to contribute to the countries fulfilling international conventions, in particular



the Climate and Desertification conventions. Efforts here also encompass energy efficiency, including efficient utilisation of renewable energy.

CSD9, Rio+10

The UN Commission for Sustainable Development has placed sustainable energy at the top of the agenda for 2001. In this connection, it is the objective of the government that steps are taken to draw up a global strategy for sustainable energy development that ensures that it will be possible to develop the energy supply in the poorest regions concurrently with global energy development taking place on a sustainable basis. Development and transfer of know-how and energy technology to the countries of Eastern Europe and the developing countries have been upgraded in recent years and will continue to form central elements in Denmark's efforts for sustainable global development.

The development of a sustainable society is also high on the Danish agenda and for this reason the government is in the process of preparing a national strategy for sustainable development. The strategy is expected to be ready in June of this year in time for it to be presented at the UN summit on environment and development in 2002 ("Rio+10").

4. Environmental Impact Assessment

Air pollution as a consequence of the burning of coal, oil and gas constitutes the greatest environmental problem in relation to the energy sector. In a global perspective, CO₂ emission presents the greatest environmental problem for the sector. However, at regional and local levels, emissions of sulphur dioxide and nitrogen oxides also create environmental problems. While renewable energy plants make only a limited contribution to emission of environmentally harmful substances, these plants can make other impacts on the environment such as noise or landscape impacts.

This review of energy policy paves the way for continued reduction of CO₂ emissions by reductions in energy consumption and conversion to renewable energy. In addition, a general objective of Danish energy policy is that it should be possible to meet the energy demand in the coming years by steadily falling utilisation of resources and, consequently, lower environmental impact.